

FINANCIALTIMES

EUROPE'S BUSINESS NEWSPAPER

Monday July 23 1984

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NEWS SUMMARY

GENERAL Germany releases **Soviet**

truck

West Germany and the Soviet Union ended a three-day stalemate over an impounded Moscow-bound over an impounded Moscow-bound truck after Soviet diplomats allowed German customs men to inspect its nine tonnes of diplomatic

cargo.
The West German government said the truck was carrying 207 packages which the Soviet Union said contained normal electronic radio, decoding and other equipment intended for use at the Soviet UN

nission in Geneva. West German officials had not opened the packages, in compliance with the Vienna convention, on diplomatic relations, the stateme added. Page 2

Docks warning

Dock workers' leaders in Britain hinted at fresh militancy as ports returned to normal after a twoweek strike. Page 4

Lebanon talks

Christian and Druze Moslem leaders negotiated on the return of Christian villagers to the Druze-held mountains southeast of Beirut. Militiamen in the capital handed in weapons for storage in government-guarded depots. Page 2

Saudi visit 'open'

Iran said it was still considering whether to send the speaker of its parliament, Hashemi Rafsanjani, to visit Saudi Arabla, West German Foreign Minister Hans-Dietrich Genscher ended two days of talks in Tehran, saying Iran was ready to seek closer co-operation with the West Page 2

Polish amnesty

Polish prosecutors today begin freeing 650 political prisoners and 35,000 minor criminals, after the announcement of an amnesty. Page 2

New passport plan

UK Government is expected to outline plans for a new passport, red-covered to match other EEC pass-ports and able to be read by compu-

Sikh rift threat

A serious rift between Sikhs ia threatening the troubled peace in Punjab brought by army action to evict extremists from the Golden Temple in Amritsar. Page 2

Aegean blaze

Fire destroyed 200 hectares of for-est on the Greek island of Thassos in the Northern Aegean. The fire spread rapidly, fanned by strong

Lutherans gather

The Latheran World Federation opened its first assembly in a Communist country with a service in Budapest attended by thousands. It was the largest religious gathering under communist rule, Hungarian sources said.

Mermaid disarmed

Vandals sawed the right arm off Coenhagen's Little Mermaid statue, the second time the barbour-front statue from a Hans Christian Andersen fairy tale has been damaged in the past 20 years. In 1984 the

Fignon's Tour

Laurent Fignon of France won the 1984 Tour de France, finishing with the pack in the final stage in central Paris to keep his comfortable lead over second-placed compatriot Bernard Hinault, Marianne Martin of the U.S. won the first women's

Grand Prix to Lauda

Niki Lauda of Austria, in a McLaren, won the British Grand Prix at Brands Hatch. Britain's Derek Warwick in a Renault was second.

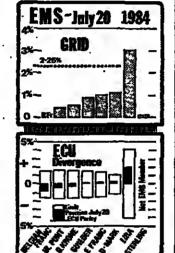
BUSINESS

GEC wins £150m Indian contract

No. 29,377

GEC Turbine Generators of the UK has won a £150m (\$198m) contract to supply four 60.7 megawatt coalfired steam generators to India in one of the biggest-ever British gov-ernment-funded overseas aid programmes. Page 12

BELGIAN franc continued to im prove within the European Mone tary System last week. Although it was still the weakest member



there was little to choose between i and the Irish punt. The Belgian unit touched its best level in Ecu terms for over a year and rose to an 18-month high against the French franc. The latter suffered as a result of the recent formation of a new French Cabinet and uncertainty caused by the exclusion of the Communists, Continued dollar strength kept the D-Mark subdued, although it remained the second-placed cur-rency behind the Italian lira.

The chart shows the two constraints change rates. The upper grid, based on the weakest currency in the sys-tem, defines the cross rates from which no currency (except the lira) may more more than 24 per cent. The lower chart gives each currenrie buser can gues each caren-cy's divergence from its "central rate" against the European Curren-cy Unit (ECU), itself a basket of Eu-ropean currencies.

TOKYO stocks fell on Saturday for the fourth successive session, amid a weak yen and Wall Street's decline. The Nikkei-Dow market average shed 19.12 to 9,926.15. Leading prices, Page 18

BIG FOUR British clearing banks will increase profits by 19 per cent this year and have their best results in five years, according to the annual bank review by stockbrokers de Zoete & Bevan.

SOVIET oil production in June failed for the tenth consecutive month to meet target. At 307m tonnes, output for the first half of 1984 was 0.1 per cent down on the

INTERNATIONAL Energy Agency predicts a 32.9 per cent rise in de-mand for energy by 2000 but says oil requirements will stay level or

TAIWAN and Toyota Motor Corporation of Japan ended talks on the setting up of a \$265m joint venture

car plant, with little bope of an agreement in prospect. Page 3 FIAT, Italian car maker and indus-

riat, manan car maker and indus-trial products group, said it expect-ed to gain orders worth up to 13,000bn (£1.7bn) from the Soviet Union under its newly signed five-year co-operation accord. Page 3

CARTER HAWLEY HALE, U.S. department stores group, is to sell its Waldenbooks chain to K mart for \$295m. Page 14

NU-WEST GROUP, western Canadian property and energy company, agreed to sell its Canadian oil and gas assets to Freeport-McMoran of New York and Transco Energy of Texas for C\$325m (U.S.\$244m). Page 14

Detroit wage talks face election-year pressures

BY TERRY DODSWORTH IN NEW YORK

U.S. MOTOR industry and union to be taken up by the Senate Banknegotiators begin talks in Detroit
today on a new, three-year wages
Paul Vokker, chairman of the Feddential nominee, is more closely
Control of the Feddential nominee, is more

gotiated labour cuts and a salary rise modestly despite evidence that freeze, the bargaining this year the economy is still expanding coincides with the virtually certain more rapidly than most forecasters prospect of record annual profits, in expected or the Fed would like. the region of \$10bn, for the hig

conditions should not be used as an excuse for an over-generous settlement that might provoke inflation. Several members of the ment that might provoke inflation-fed's governing board expressed ary wage demands among other including the first of the car workers. Earlier in the generous award for the car workers give backs played into the bands of year, some government officials might have a pervasive inflationary management, losing members went out of their way to criticise the effect on settlements elsewhere. huge bonuses that gave several mo-

BY PAUL BETTS IN PARIS

M JACQUES CHIRAC, the leader

of the neo-Gaullist RPR party, the

largest French opposition group, asked President François Mitter-rand last night to dissolve the Na-tional Assembly and hold an early general election.

M Chirac, the powerful mayor of Paris and the leading right-wing

contender for the presidency in

1988, said the time had come for the

French people to be consulted to en-sure they had a government sup-

ported by the majority of the coun-

After a few days of hesitation in the wake of the latest political de-

velopments in France, M Chirac de-

cided to step up his attack against

President Mitterrand and his ad-

ministration in a move that is bound to put immediate pressure

on the new Socialist government

He has returned to the attack in a

clear effort to prevent M Mitter-rand regaining the political momen-

tum he was losing. Ever since the

defeat of the Left in the elections to

the European Parliament last

month, the opposition has chal-lenged the legitimacy and authority of the President.

M Chirac argues that the Socialists, who have a comfortable major-

ity in the National Assembly, are a

minority in the country on the basis

ropean elections. The next legisla-

M Mitterrand's latest political

moves - from the proposed constitu-

of their 21 per cent score in the Eu-

tive elections are due in 1986.

contract that might have important eral Reserve Board, gives evidence political repercussions as the presidential election approaches.

eral Reserve Board, gives evidence on U.S. monetary policy. Mr Volckder is bound to be questioned closely In contrast to the emergency on the prospect for wages and inflatalks in 1982, when the industry ne- bon, which are both continuing to

three car manufacturers.

President Reagan's advisers have given a warning that such boom year, little changed from 1983, and somewhat less than the rate of in-The Democratic Party is equally

The inflationary issue is certain widely publicised strikes have cost crease from the present salary and

Chirac calls for

general election

linked to organised labour than any candidate for many years The talks will also pose a big chal-lenge to Mr Owen Bieber, the new

president of the United Auto Workers, who is leading the union negotiating team for the first time. An experienced, middle-of-the-road union bureaucrat, Mr Bieber

appears to be aiming for a moderate settlement with a beavy emphasis on long-term job preservation. However, be faces a strong challenge from a militant wing of the UAW, which will be pressing for

creases alone. tor industry executives earnings of concerned that the negotiations over \$1m in 1983, saying that they should not lead to a serious strike with the militants at a union conferwere provocative awards ahead of that would lead to criticism of the union movement. Historically, commitment to a specific wage in-

private education Bill, would si-

lence the opposition, the result ap-

M Chirac has now sought to take

the initiative by calling an extraord-

inary meeting of his party's central

mer President Valery Giscard d'Es-

taing, and firing a salvo of hostili-

ties against the Socialist adminis-

Since M Mitterrand is extremely

against his referendum proposals

government formed last week . . .

France, not all united, the main par-

President Mitterrand and to force

Constitutional changes in France

By mounting an immediate at-

tack on the referendum issue and

demanding early elections, the Right and not the Communists have

him to withdraw them.

tional amendments extending the ties appear agreed oo forcing

sonal freedom issues to the forma- proposals in the Senate, where they

tion of the new government and the bold a comfortable majority. The split with the Communists - had strategy seems to be designed to

taken the opposition by surprise change the proposals in such a way

and checked their rising attack on as to make them unacceptable to

cent and 60 per cent of the country must be approved by both the Sen-approved the choice of M Laurent ate and the National Assembly in

But if President Mitterrand had become the first big challenge for M

hoped his latest decisions, including Fabius, who is to announce his list his withdrawal of a controversial of junior ministers today.

Fabius as the new, youthful Prime exactly the same wording.

nittee last night, meeting for-

pears to be the opposite.

with a broad list of demands which, apart from joh preservation, in-clude limits on overseas sourcing of vehicles and parts; a reduction in overtime working; a restoration of cost-of-living adjustment; and a con-tinuation of profit sharing. His aim is to sell such an overall package to a union membership whose concern over jobs has been highlighted by the befty cuts which reduced employment in the industry from about 1.5m in the early 1980s to 1.1m at the beginning of last year.

On the industry side, only General Motors and Ford, the two largest manufacturing companies in the U.S., are involved in the negotia-tions after Chrysler's abdication from the old tripartite arrange-ments during its financial crisis four years ago.

Speculation suggests that if the talks lead to a showdown, the union may already have selected GM for a

On financial grounds, the union is in a reasonable position to withstand a long dispute, with its strike fund now at a record level of \$560m So far, however, GM and Ford alike have shown every sign of being pre-pared to be tough in the negotia-In Mr Roger Smith, GM now has

its most outspoken - some say for too outspoken - chairman for many years, and a leading protagonist on the sourcing strategy. He has sought to put the union on the defensive by negotiating import aring the government airline. South Korean car companies, while publicising the new small car projects in the U.S., which, he says, can succeed only with the full co-operation of the workforce.

Mr Peter Pestillo, Ford's leading negotiator, bas also given warnings in the last few days that a big wage increase will mean that the indus try will be forced to export jobs

Independent Chinese airline set to contest the skies

Dilemma for Delors

Commission, Page 11

at the EEC

By Mark Baker in Xlamen th-East China

CHINA'S first independent airline is planning to begin domestic and international flights early next year - with some inreign pilots and leased aircraft, and the aim of beat-

Xiamen Airlines, a joint-venture company formed by the Fujian pro-vincial government, wants to make better profits and give o better service than the notoriously inefficient national carrier, the CAAC.

"Xiamen Airlines will adopt effirient international management, so from the beginning it will run bet-ter and be better," says Zhao Zongxin, the head of the provincial foreign investment authority.

It is the first new passenger air line to be approved by China's ruling state council since the 1949 Communist revolution. The Shanghai municipal government and at least three other provinces are preparing to seek approval to start their own airlines.

The Fujian company, which will hove initial capital of \$100m, is a joint venture between the province and the family company of Hung Wo-Ching, an American-Chinese who is president of Aloha Airlines in Haraii in Hawaii.

Hung is responsible for raising fi-nance among wealthy Chinese living overseas; obtaining aircraft for the international services; and providing technical and managerial

opened recently, and Hong Kong, Manila, Singapore and Tekyo.

planned to expand this service considerably.

termined to provide the best inter-national-standard service and to adopt advanced management techniques. It would recruit some pilots from CAAC, but many other pilots from overseas. Technical staff and teams to train cabin and ground staff would also be brought in from abroad.

venture with the province, but it Continued on Page 12

Federal control of Continental Illinois expected

BY WILLIAM HALL IN NEW YORK

THE DIRECTORS of Continental 1980 and is frequently cited as a their monthly board meeting today on the proposed rescue package manked eighth biggest at the end of which is likely to be announced by the Federal Deposit Insurance Corporation (FDIC) within the next few mia and is too big for any one bank days.
The FDIC refused to comment

yesterday on widespread specula-tion on Wall Street that Continental unlikely to concede the opposition an early general election, the Right Illinois, the eighth biggest bank in the U.S. will be effectively nationalised, but officials said they expected to announce a permanent solution before the end of the week. is now mounting a concerted attack That is expected to become the first serious test for the new socialist Although the Right is, as usual in

Because of the scale of Continental's problems, a purely private sec-tor solution to its liquidity crisis along the lines of BankAmerica's rescue of Seafirst Corporation last year - bas been ruled out. Instead, the FDIC is expected to take over a substantial portion of Continental's problem loans and in return will be given effective control. Although details of the package

are still sketchy, it is clear that it will overshadow earlier rescues for troubled banks. When regulators stepped in and rescued Franklin National Bank in 1974 it ranked 20th in size. Similarly, First Peonsylvania Corporation, which was the subject of a \$1.5bn bail-out in

Illinois, the beleaguered Chicago case study for a Continental rescue, bank, are expected to be briefed at only ranked 23rd in size. Continental Illinois, which ranked eighth biggest at the end of

Mr Walter Wriston, shortly to step down as chairman of Citicorp,

the biggest U.S. bank, said some weeks ago that he "knew of no one in the world who can take on \$35bn of sbort-term paper every morning. It is an unconventional problem that has to be solved in an unconventional way." The temporary \$7.5bn rescue

package announced on May 17 has failed to stop the run on th Its overnight borrowings from the Federal Reserve discount window rose another \$1.7bn last week to The cootinued run on Continen-

tal's deposits is putting bank regu-lators under pressure to find a quick and permament solution before the bank becomes insolvent However, the regulators have found difficulty deciding how to handle the group's big Third World debt portfolio.

Wall St view of banks, Page 12

support.
Zhao said the airline would inltially buy or lease at least two aircraft for domestic services and two or three more for international

It plans to open new routes between the province's main port city of Xiameo, formerly Amoy, where a oew \$50m international airport was

New services would be started within the province and there would be regular flights to Canton, Sbangbai and Peking, and it is

Zhao said the company was de He said CAAC had a stake in the

Italy puts ceiling on foreign debt

BY ALAN FRIEDMAN IN MILAN THE Bank of Italy, concerned at a

the total level of debt which ftalian

banks may have abroad.

The radical measure comes in response to a \$2.1bn rise in the net foreign indebtedness of Italian banks during the first half of this

According to the directive, Italian L25,797bn (\$15bn), an increase from L21,357bn at the start of this year. The central bank did not say how long the measure, announced jointly at the weekend by the Italian Office of Foreign Exchange and the

central bank, would remain in ef-The Bank of Italy said the deci-sion to impose a ceiling on the forthe rapid increase in the net foreign indebtedness of Italian banks during the first six months of 1984, a trend which could create potential difficulties for the lira in a volatile

foreign exchange market.

The second consideration was large rise in overseas borrowing, that the "heavy inflow of foreign has imposed an unusual freeze on currency through the banking syscurrency through the banking sys-tem" could heighten concerns about the control of credit in the Italian

M Jacques Chirac

his administration.

of referendums to include per-

Opinion polls published at the

weekend show that between 55 per

Minister. Moreover, the polls

showed that the country generally favoured the departure of the Com-

munists from the government.

age efforts to control the inflation

covery is export-led.

Much of the rise in borrowing by

tended to Italian banks. sion to impose a ceiling on the for-eign borrowing bad been taken for two broad reasons. The first was ities to loosen some of their regula-

It could also prove a hindrance to the effective implementation of Italian monetary policy and could dam-

Beyond concerns for the Italian banks must not exceed the level of total foreign indebtedness reached on June 30 1984. This came to central bank also wishes to discourage a rise in imports. A substantial part of Italy's fragile economic re-

> Italian banks is understood to be related to trade financing. The 1.25,797bn total reached last month also included interbank lines ex-

> tory levers. But the prospect of exsively high foreign borrowings by Italian banks appears to be seen as an element of serious potential instability for the country's financial system.

Miners set firm in **UK** strike

By John Lloyd and Maurice

LEADERS of Britain's striking miners are prepared to see the 20week-old pit dispute prolonged in-definitely in the expectation that the National Coal Board (NCB) and the Government will finally back down on their insistence that pits may be closed because they are

striking miners were in "good beart" and that even those initially

that they will," he said. to meet in Sheffield on Thursday to

"We shall be saying to them

The vital word, Page 5

unprofitable.
Mr Peter Heathfield, the National

Union of Mineworkers (NUM) general secretary, said last night the reluctant to join the strike - as in Lancashire in the north-west - were determined to win through to victo

'Stand fast.' I have no doubts at all The NUM's national executive is consider the NCB's final offer, with little doubt that it will turn down the plea from Mr Ian MacGregor,

Continued on Page 12

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UK health business: fitness Editorial comment: Poland; EEC Commission: Jacques Lombard: high time to fight Management: broker's plans Lex: rights and wrongs of to counter risks 8 pre-emption rights....... 12 Technology: architects and Japan: computer plans 8 Survey Section III

BUSINESS NEWSFLASH The only airline that flies

non-stop to Jo burg



Now SAA are pulling out all the stops to give Super Executive Gold Class passengers even better service:

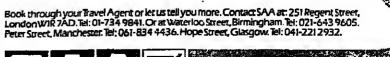
 More choice of non-stops. 5 a week to South Africa and 4 a week back. New, 45° recline, oversize seats, custom-built in Britain with the comfort of intercontinental

 New, 30 kilos baggage allowance. New, choice of 3 hot main dishes on 5-course

passengers in mind. .

dinnermenu. All this and more from the airline with the most UK-SA flights – 10 every week!

'Airline of the Year' Executive Travel readers rank SAA top airline flying to South Africa





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Labour expects to win Israeli election

By David Lennon in Tel Aviv

ISRAEL'S Labour Party is con-Likud Government in today's general elections and form the togelher with a number of

smaller parties.

Thhe Right-wing Likud bloc, which headed the coalition government for the past seven years, is clearly worried and for more than a week has been emphasising the need for a national unity government to deal with the nation's problems. But it is already clear that the expected 2m voters will split their ballots between the 26 competing parties in such a way as to make it difficult for either of the two main parties to construct a strong coalition capable of ruling Israel for the

next four years. Which ever party forma the new government will need to take strong measures immediately to deal with the economic crisis which has produced 400 per cent inflation and a foreign debt of almost \$30bn. It will also have to find a way to pull the laraell forces out of

The Palestinians of the West future. They believe that if Likud is re-elected its policy of building Jewish settlements all over the occupied territories will end any hope that they will ever win their freedom from Israeli

Palestinlans believe Labour's declared policy of willingness to trade parts of the willingness to trade parts of the occupied territories for peace with Jordan offers a chance for change but this hope could be frustrated if Labour needs to include some religious parties in its coalition.

The eve of election opinion polls are unanimous in reporting that Labour will win more seats in the Knesset than the

seats in the Knesset than the Likud hut there is considerable difference between the various polls over the size of the lead, which may derive more from Likud losses than Labour gains. One poll shows Labour winning 12 more seats than Likud, another put the gap al only six seats. In no case do the polls forecast Labour winning more

than 50 of the 120 seats in parliament.

The same polla also indicate that the votes for the small left and centre parties may be barely sufficient to enable Labour to pul logether a coalilion of more than 60 members of the Energy of the En

of the Knesset.

If the Likud loses seats but holds on to at least 40, then put together a coalition. This is possible because the seats it ses are expected lo go to the right-wing and religious parties, who are ils natural political allies, and to the centrist parnes who would also join a Likud coalition.

The posstbility, at least in theory, that either of the main parties could form a coalition, if given the chance, led to fren-zied political bargaining over the weekend between the large and the small parties.

The woolng and horse trading concentrated on Mr Ezer Weiz-man, the popular former Likud Defence Minister whose centrist Yahad Party is expected to win

about three seats.

Labour has already offered him the Treasury portfolio)f he joins its coalilion. Likud has countered with an offer of the deputy premiership and the chance to replace Mr Yitzhak Shamir as premier at a later

In the absence of an overall majority for either of the big blocs, it is centrist parties like Mr Weizman's which will hold the key 10 which of the major parties heads the next coalition.

Priests oust Sikh rebel

By K. K. Sharma in New Delhi

A MAJOR schism in Sikhism yesierday threatened the troubled peace brought to the sensitive border Indian state of Punjah hy the army's major action last month to flush out

lerrorists.
The five high priests of the Sikhs yes;erday excommuni-caled the religious warrior Nihang seci chief, Baha Santa Singh, who begao a "Kar Sewa" (roluntary servicel last week with his followers to repair the damage to the golden temple complex in Amrilsar in defiance of orders by religious and political Sikh leaders. Baba Santa Singh's "Kar Sewa" is supporied by the Prime Minister, Mrs Indira Gandhi.

The Sikh high priests and the Akalı Dal, the community's political party, waol to repair the Golden Temple themselves but only after the army has withdrawn from the holy shrine. Mrs Gandhi has refused to withdraw the army and is widely believed to have persaued Baba Santa Singh to begin repair work in which hundreds of her own followers have jained.

FINANCIAL TIMES. USPS No 190640, published daily except Sundays and bolidays. U.S. subscription rates \$220.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTadditional mailing offices. POST-NASTER, send address changes to: FINANCIAL TIMES, 14 East 00th Street, New York, NY 10022.

Poles hope for normal relations

POLISH prosecutors start work loday on freeing more than 650 political prisooers and some 35,000 minor criminal offenders an ameosty at the weekend. The authorities hope that the amnesly, which should for the time heing clear the prisons of political detainees, will mark the close of the post-marial law period.

The move includes provision for Solidarity underground leaders and activists to return to normal life if they give them-selves up by the end of this year. The amnesty is also aimed at facilitating the normalisation of political and economic relations with the West, which would include the dropping of sanctions and Poland's entry

into the fulernational Monetary The amnesty covers lbe top four KOR dissidents who went on trial as late as July 13, seven Solidarily leaders, one of whom, Mr Andrzej Gwiazda, was released at the weekend on a significant flicker of hard-line displeasure.

Pollsh decision to grant an amnesty in political prisoners, but gave no signal that the step would lead to a decision to lift all the sanctions put in force when the Pollsh Government first imposed martial law. The Reagan Administration's response is expected to be dictated to a considerable extent by domestic political calculations about the impact of any omve on both right-wing administration anpporters and the Polish-American vote.

THE U.S. State Department in Washington welcomed the

mother in hospital, and some of the leaders and hundreds of rank and file members of the Solidarity resistance.

There is every indication that the authorities could not make up their minds up to the middle of last week whether to include all the prisoners in the amnesty. The main hard-line objections were ogainst the release of the four KOR leaders.

three-day pass to visit his Bishops Conference, kept up the pressure for a total amnesty until the last minute, arguing that the effects both internally and externally would be les unless the amnesty included

everyone. Church officials recently in the West brought back the message that the U.S. would lift its block on Polish membership of the International Monetary Fund if all the prisoners were reteased and the information was duly passed on to the Polish

Catholic church officials, led v Archhishop Bronislaw Dabrowski, the secretary of the President for an immediate lifting of sanctions on the grounds that present Western policy is pushing Poland more and more into the arms of the Soviet Union.

At the weekend, Cardinal Jozef Glemp wrote to Parliament to express his satisfaction at the amnesty hut raised the point that other steps were necessary if the political climate is to change and the prisons to be kept from slowly filling up again. Mr Lech Waiesa also welcomed the move.

The church and Mr Walesa are now expected to press for new trade uoions to he set up alongside the existing one estab-lished in 1982 to replace the

hanned Solidarity.

As a result of the amnesty
the lifting of Common Market
trade sanctions against Poland Government.

Pope John Paul II earlier this year appealed privately to Mr Ronald Reagan, the U.S.

trade sanctions agaiost Poland will be considered at a meeting of EEC foreign ministers in Brussels today.

Iran 'still considering' Saudi invitation

BY OUR FOREIGN STAFF

TEHRAN - The Speaker of the Ira- would be a conciliatory move after had made Saudi Arahia cyncial nian Parliament, Hashemi Rafsanjani, said yesterday he has not ruled out visiting Saudi Arabia next election as crucial for their mooth and thal the invitation was still under consideration.

Iran reported last week that Saudi Arabia bad asked Mr Rafsanjani, wbo is also spokesman of Iran's war cahinet, to visit the kingdom during the annual Moslem pilgramage to the holy cities of Mecca and Medi-

Diplomats in Tehran said a visit

months of tension in the Gulf over about Iran. attacks on sbipping.
They said Iran would weigh any

political disadvantage in sending a senior official to Saudi Arabia and preparations for such a visit might

Mr Rafsanjani said there was "a chance hul not much" of a Saudi role in ending the Gulf war by ceas-He suggested the lack of commu-

nication between the two countries

Talks could reassure the Saudis of good relations in the future and "as a result they could stop their vain support (lor Iraq). If we do reach this conclusion f think this war could end very quickly." he

Meanwhile, Herr Hans-Dietrich Genscher, the West German Foreign Minister, ended a two-day visit to the Iranian capital yesterday and aides said be would tell EEC col-

leagues today that Iran was ready to seek closer co-operation with the

Iran, however, gave no indication that it bad changed its policy of sus-picion towarda both East and West, and the Englisb language newspa-per Kayhan International opposed any such move. President Ali Khamenei was

ounted as saying during a meeting with Herr Genscher only that he welcomed expansion of relations with West Germany.

Soviet lorry dispute resolved

THE DISPUTE over the announced the agreement to end myslerious Soviet diplomatic a potentially embarrassing discontainer lorry has been pute, the nine-ton truck concessived. Following agreement tained 207 liems of freight. by the Soviet authorities for West German cusioms officers to carry out a cursory inspection of its conlents, the vehicle is expected to start off back to Moscow today.

The 20-minute inspection by

four cusioms men, accompanied by a representative of the Finance Ministry was carried out on the extraterritorial ground of the Soviet Embassy in Bonn. Earlier the lorry had returned to the capital from the Helmstedt frontier crossing into East Germany, where it bad heen held for three days. According to Herr Peler

return of Christian villagers to the

Druze-beld mountains southeast of

the mountains, PSP radio said. Despite the meeting, sources said

BY ROBERT COTTRELL IN TOKYO

Walid Jumblatt, leader of the km south of Beirut.

Druze Progressive Socialist Party Most of the Christie

(PSP), met the deputy speaker of last September's war, in which the parliament and other Christian PSP, backed by Syria and Palestini-

leaders to discuss the return of an an guerrillas, defeated the Leba-

estimated 250,000 Christians who nese Christian militia which had

used to live alongside the Druze in penetrated the region under Israeli

MR YASUHIRO NAKASONE, Democratic Party. Hhis speech

Prime Minister of Japan, has was effectively a public reply to hit back at political rivals who rivals who have made economic

are urging him to increase public spending. He said that private-sector initiatives were preferable to public works programmes as a means of stimulating the domestic economy.

Notes at pointeal rivals who have hade economic policy the major campaign issue public spending that the to five forthcoming election for the LDP presidency, the job which Mr Nakasone currently holds and which carries with it the Office of Prime Minister

The Russians, who on Friday

But their precise contents remain as obscure as ever. The German customs officers were not allowed to open the cratesmerely to check their number against a manifest provided by officials at the embassy.

The Russlans, who on Friday peremptorily demanded the release of the truck on the grounds that it was covered by diplomatic immunity, have all along insisted it contained "normal goods" destined for their United Nations mission in Geneva, including communications and decoding equipment. But the Swiss aulborities were no less suspicious than Government spokesman who their counterparts in Bonn. Boenlsch was quoted as saying.

Christians, Druze discuss refugees

CHRISTIAN and Druze Moslem they did not think all Christians itual leader of the Druze, said yes-

leaders yesterday negotiated on the would be allowed to return prompt- terday that if any Christians were

Most of the Christians left during

Mohammed Abu Shaqra, the spir- pots.

last September's war, in which the

ly. Under PSP supervision, some Christian families recently re-turned to the village of Meshref, 20 to be allowed to return to the moun-tains. Moslems must be allowed back to East Beirut and its suburbs,

industry.

The Prime Minister was for the 1985-86 financial year speaking at a weekend seminar organised by his ruling Liberal ing level, the third successive many sector and telecommunications budget appropriation requests the most conspicuous LDP fiscal policy. Mr Toshio Komoto, director of the government's signist fiscal policy is Mr Kilchi Economie Planning Agency, is in real organised by his ruling Liberal ing level, the third successive Miyazawa, a former Minialer of also identified with more years.

the Russians refused, the vehicle was allowed on to Geneva, and then out of the country again last Wednesday.

Germans and Swiss intelligence experts suspect the lorry might have contained either prohibited Western high technology equipment, or sophisticated eavesdropping de-

sophisticated eavesdropping devices to spy on Western military hases as it travelled through Western Europe.

Both Berne and Bonn maintain that the 1961 Vienna convention on Immuity of diplomatic goods does not cover entire lorries. "The next time the Russians might have sent a rallway train across," Herr

regions from which most Moslems

In another move the Govern-

were expelled after 1975 when Leb-

meot's security plan took a step for-

ward in Beirut when militiamen

handed in a variety of weapons for

Nakasone attacks rivals' calls for public spending rise

been made. Mr Yoshihiko fudustry, who is expected to run against Mr Nakasone for the Ministry's hudgel hureau, indicated on Friday that November. Mr Miyazawa has put

The most conspicuous LDP fiscal policy. Mr Toshio Komoto,

anon's civil war began.

Reagan bid to regain initiative

PRESIDENT Ronald Reagan is planning a heavy week of political campaigning in a hid to regain the political initiative following the auccessful Democratic presidential nominating convention last week which selected Mr Walter Mondale to lead the party against the in-cumbent President in Novem-

The White House bas already announced that on Wednesday and Thursday Mr Reagan will make a campaign swing through Texas, Georgia and New Jersey. He is also expected to hold a Administration quickly responded to Mr Mondale's charges that If Mr Reagan is re-elected the Administration is planning to raise taxes in order to reduce the federal

budget deficit once the presidential election is over.
Mr Larry Speakes, the White House spokesman, denied that the President has a "secret plan" to raise taxes. He main ained that the Administration wants further reductions in personal income tax rates in a second term as part of a lax reform and simplification plan. But he would not rule out the possibility of tax increases. The Administration's position has been that it would press for the maximum cuts in federal spendstorage in locked and guarded de ing before moving to raise pots.

Scarcity of pre-export finance hits Brazil

By Andrew Whitley in Rio de Janeiro

A SCARCITY of pre-export finance could cost Brazil \$1bn in "lost" exports this year, revenue needed to re-duce further the current account deficit, according to

account deheit, according to
Sr Carlos Viacava, the
foreign trade chief.

A portial solution could
come from the World Bank,
whose entry into export
financing will be solicited by
the Brazilian Government later this week. The bank aiready provides Brazil with import finance through a "drawback" scheme de-

"drawback" scheme designed in promote exports.

The outlook for Brazil's exports has also been affected by a decline in the world market far soya products. New estimates from Cacex, the foreign trade anthority, put the likely 1984 revenue from the soya complex, usually Brazil's leading hard-currency earner, at \$2.5bn currency earner, at \$2.5bn to \$2.8bn, compared with first

to \$2.8bn, compared with first hopes of a record \$3.6bn.

The soya processors have been affected both by a decline in demand for meal and a steep fall in recent weeks in the price of soya nil. Traders say that over the past six weeks prices have fallen from \$940 to \$700 a tonne.

The lack of pre-export credit, to finance the manufacture of goods for which final contracts have not been

final contracts have not been concinded, is a relatively lung-standing problem, accentuated by the recent increase in the number of companies eager

to export.

Demand for export finance is estimated to be running at about \$150m a month, while the amount available from the Government is only about a

The anthorities are thus considering transferring responsibility for the provision of such finance to the private banking sector. But Brasilla is anxious about the likely effects m exporters of present high interest rates on the domestic money market.

U.S. forces 'war readiness limited

By Our Washington

A Congressional inquiry has concluded that partly because of shortages of equipment and spares the ability of the U.S. military in sustain a protracted conflict with the Soviet Union is severely limited.

The study which details the results of an 18-month inquiry by the staff of the House Appropriations Committee says the U.S. Army cannot bn sustained in combat for any extended period of time, and that the air force is not capable of sustained conventional war nperations. The urgent need

improve the readiness of U.S. furces has been given as a reason by the Reagan Administration for defence spending.

But the report, which has been produced by a com-mittee controlled by the Democratic Party, suggests that readiness has deteri-nrated since the investigation

Mr Nakasone's austerity is

Mr Nakasone's austerity is aimed at reducing Japan's government deht, likely to reach a cumulative Y122 trillion (£377bn) by the end of the current financial year, and financed by public bond issues. The economic debate bas generalled

with increased public spending, the Japanese economy could

grow by 5.5 per cent annually in real terms over the next ten

expansionlat policies

Mr Shinlaro Abe, Japan's Foreign Minister, indicated in a speech on Saturday that he too, favours a more relaxed fiscal policy. Mr Toshio Foreign Mr Miyazawa some is ignoring the "quality of life" of Japanese people.

Mr Miyazawa some issues.

All the economic debate bas generaled criticism that Mr Nakasone is ignoring the "quality of life" of Japanese people.

Singapore initiative leads to \$175m STC contracts on cables

BY CHRIS SHERWELL IN SINGAPORE

THE SIGNING of submarine able contracts worth some \$175m (£132m) in Australia nn Friday marks another vital step in the efforts of telecommunications authorities in two dozen countries in plug some gaps in the global telecommunications

network.
The contracts, with Standard
Telephones and Cables (STC) of Britain, are for links between Singapore and Perth via Jakarta. They are the last of three sets signed this year for a vast new cable system stretching halfway round the world from a focus in Singapore.
In March, a second set of con-

In March, a second set of contracts was signed for a submarine cable linking Singapore in Taiwan via Hong Kong. These were worth \$150m, and went to STC for the Singapore-Hong Kong leg and to the Japanese companies NEC and Fujitsu for the Hong Kong-Taiwan link Taiwan link.

In February, at a grand ceremony in Singapore, contracts were awarded to Jay a \$400m 8,000-mile submarine cable from Singapore to France which will "wire" the Indian Ocean for the first time and link South-East Asia to the Middle East and Western Europe directly.

This system, owned by a con-sortium of 22 telecommunica-

British company which claims to have the largest share of the world's submarine cable market. will complete the 875-mile segment between Dibouti and Jeddah. Most of the work, however, went to Submarcon of France, which won contracts for five of the eight aggments worth some \$250m. Submarcon is jointly owned by CIT-Alcatel 108

and Cable de Lyon. Al ithree cable systems are Al ithree cable systems are planned to be in service between the end of 1985 and mid-1986. Together they will supercede the 17-year-old South-East Asia Commonwealth (Seacon) cable, which connects Singapore and Malaysia to Hong Kong, Guam and Australia and, in turn, to Britain vio the Pacific and Ataltnic Oceans—a total of 8,000 miles.

The prime moving force hehind these developments has been the Telecommunications Authority of Singapore, known locally as Telecoms. The island state sees itself as a future "brain centre" for the South-East Asian region which will concentrate on high-technology manufacturing and research and manufacturing and research and offer sophisticated financial and information-based services.

Sophisticated telecommunications is essential to perform this role. Telecoms reckons its existing high-quality facilities, especially full salellite communications, have been an important factor encouraging facilities and the salellite communications. sortium of 22 telecommunications administrations, will connect Singapore to Marseilles via log high-quality facilities, Sumatra. Sri Lanka, Djibouti, Saudi Arabia, Egypt and Italy, and will be one of the longest submarine cables in the world. Here too, STC figured among the contract winners: the test of the secondary of the contract winners: the secondary full salellite communications, have been an important factor encouraging foreign companies with regional interests to set up in Singapore trather than elsewhere.

British car prices '30% higher than in Belgium'

BRITISH car huyers still have a lot to gain by buying new cars ahroad, according to the European Bureau of Consumer Unions, in spite of discounts available on list prices at home.

Theh nreau concluded this as it published the results of its new car price survey. This shows that, net of taxes, British prices are 30 per cent higher than those in Belgium.

The price disparity, disclosed in the accompanying table, has led the bureau to press for safeguarding trade in parallel imports—the huying of cars outside distribution lines established by manufactures. lished by manufacturers.

manufacturers, is nrged to focus its attention on the Italian as well as the British market. Domestic manufacturers have been strengthening their posttion on the Italian market, the bureau said. A TANK

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The case for parallel imports rests both on the right of buyers and sellers to trade freely within the comon market and on the fact that the existence of the trade acts as pressure on manufacturers to keep prices

The commission, in its competition policy, has sought to stamp out corporate agreements which hinder parallel trading. Earlier this month it imposed a £207,550 fine on BL for apply-But the European Commis-slon, which is preparing EEC ing the parallel import of Metro legislation to govern the distri-cars. BL is appealing to the hution networks of the err European Court of Justice.

> HOW THE PRICES DIFFER (as % of Belgian prices)

	Belgium	Germany	France	Italy	UK
BMW 320 i	100	109	114	117	129
Citroen GSA Pallas	100	107	119	121	131
Fiat Panda 45	, 100°	115	113	131	125
ford Escore XR3i	100	113	114	121	127
Mazda 323 GT 1.5	100	105	117		132
Opei Kadett 1.6 SR	. 100	112	112	118	
eugeot 305 GT	100	107	114	124	131
Remault S GTL	100	108	110	119	132
olkswagen Golf GTI	700	110	170	178	134
Average	100	110	114	121	130

Source: European Bureau of Consumer Unions

WORLD SHIPPING REPORT

Tanker charter rates fall

last week amid a further build-up of tanker tonnage and a con-tinued surplus of oil.

The North Sea, Mediterranean and Caribhean markets also showed little above.

experienced prior to the attacks on shipping in the area. Brokers reported that there was "almost a glut" of oil and oil products on the market.

Most oil movements have been on a contract basis, with little snot chartering.

spot chartering.

The last reported charter for a tanker to be loaded in the Gulf outside the Kharg Island area was by Finnish charterers for a 250,000 tonne vessel, at Worldscale 29, for discharge in the

Up to 30 very large and ultra large crude carrier tankers were available for charter last week up to the end of the month. A expected.

at the beginning of May compared with a year earlier, according to the Greek Merchant Marioe Industry. In terms of tonnage, the total size of the fleet fell by just over 9.5 per cent to 35m gross registered tonnes.

annum over the past two years, according to a review of the shipping and shiphuliding indus-tries by Phillips and Drew in a report published this morning.

further drop in rates is In contrast the world fleet of expected.

Smaller tankers were in a similar position, according to E. A. Gibson Shipbrokers.

dry bulk vessels has been expanding by about 5 per cent per annum over the past two years.

FOREIGN EXCHANGE RESERVES

		(am)		
	May '84	April '84	March 84	May 'i
U.S.A.	6,430	6,594	6.817	7.950
}apan	21,t50	21,179	20.523	20.279
W. Germany	39.460	40,938	40,945	38,677
UK .	7,501	7,777	8,788	9,186
France	19,304	18,935	18,531	16.883
italy	17,522	17,297	17.345	15,131
Netherlands	8,580	8,705	9.387	9.061
Belgium	3,174	3,445	3,462	- 4.043

المكذا مندلنطل

tinued surplus of oil.

The most substantial decreases in rates were in the Gulf. Rates fell to the low levels experienced prior to the control of the contr The Greek merchant fleet, one of the largest in the world, fell by 10.8 per cent in terms of sbips registered to 3,124 vessels

WORLD ECONOMIC INDICATORS

	May '84	April '84	March '84	May '83
U.S.A. Japan W. Germany	6,430 21,150 39,460	6,594 21,179 40,938	6,817 20,921	7,850 20,279
UK . France	7,501 19,304	75,736 7,777 18,935	40,945 8,788	38,677 9,186
Italy Netherlands	17,522 8,580	17,297 8,705	18,531 17,345 <i>9,</i> 367	16,883 15,131 <i>9,0</i> 61
Belgium	3,174	3,445 .	3,462	- 4,043 Source: IMF

IEA reduces its estimates for oil demand BY MAURICE SAMUELSON

THE International Energy 1990 and then fall by 2000 to be assumed that historical links about the 1982 level. The projections are based on the projections are ba by the end of the century, even assumptions in economic once and for all though demand for energy as growth made in 1982. They were "Experience he a whole will rise hy nearly a

the total mix of primary energy is reflected in a report to be published today by the 21-nation organisation. Summarising the conclusions of member governments, it estimates that total demand for primary usage and by the steady subcreated the total oil requirements would not increase over the 1982 level, and might even fall.

The declining oil demand reflects the 4.7 per cent drop expected in North America in the 1980s and 1990s. In the 1980s and 1990s, for the Pacifie region, oil requirements are projected to rise by 8 per cent. While in Europe they would rise slightly towards will not be rescinded, it cannot total oil primary to 1990. Thereafter it should to 1990. Thereafter it should to 1990. Thereafter it should in oil aid gas-fired geoeration in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development. The decline in oil aid gas-fired geoeration could assily be reversed if such generators are built quickly to cope with unexpected development.

It also welcomes the Creation of the Energy Efficiency Office beneal.

It also welcomes the creation of the Energy and oil the subject to "cope with unexpected

submitted to the Paris based

public spending. He said that private-sector initiatives were preferable to public works programmes as a means of stimulating the domestic economy.

Mr Nakasone said the Japanese Government was contributing to faster economic growth through deregulation, notably of the country's fioancial sindustry.

Of the forthcoming election for indicated on Friday that increased allocation requests would be acceptable in respect of defence, economic aid, and the Office of Prime Minister while the LDP is in power.

Mr Nakasone said the Japanese Government was contributing to faster economic growth through deregulation, notably of the country's fioancial of Finance asked most government agencies to reduce their budget appropriation requests

The mest consoliration requests and allocation re

is reflected in a report to be latter half of last year.

published today by the 21nation organisation. Summarising the conclusions of member increasingly squeezed by the
governments, it estimates that greater efficiency of energy

"Experience hefore the first

oil price crisis shows that tricity growing faster than any hird. organisation, whose members fluctuations in this relationship Oil's shrinking role within include most of the Western were often related to fundame total mix of primary energy industrialised nations, in the mental structural changes and economic cycles."

of 1.6 per cent a year from 1982 report warns that this trend is to 1990. Thereafter it should not inexorable: "The decline stabilise at around 770m tonnes in oil aid gas-fired geogration

under 20 per cent in 2000.

forward what he calls an "asset-doubling plan" to double government capital

Member's forecasts show elecother energy form and at a rate at or above that of economic growth. Although utilities have heen steadily switching Demand for natural gas from oil-fired plant to the use should rise at an average rate of nuclear or solid fuel, the

At the same time it notes that although the British Government was last year subsidising the industry hy about £5 a 10mm of production, this now paid for production in Belgium, West Germany and

On British gas prices, the agancy notes the Government's bold action in moving to raise retail gas prices in line with the costs of replacement, and urges it to "complete this task with minimum delay."

Paul Betts, recently in Riyadh, on how the battle for the \$2bn King Saud campus contract was won

Taiwan talks on Toyota car plant break down

TALKS between Toyota Motor Corporation of Jupan and the Taiwan Government aimed at setting up a \$265m (£20.2m) iture car manufacturjoint venture car manufactur-ing facility bere have broken down. A senior government economist said he was "extremely pessimistic" nn chances that the venture

would proceed. Toyota and the Taiwan Government disagree mainly on exports of the proposed plant, which was scheduled to begin production in 1986.

Taiwan wants guarantees from Toyota that the plant will eventually export half of the 300,000 cars to be produced annually, beginning in 1994. Toyota considers the 50 per cent export ratio to be a target dependent on world conditions.

Talks last week between Toyota officials and the Government ended with both sides refusing to budge from their positions. Taiwan has extended a July 4 deadline for an acceptable proposal from Toveta to September 4. If Toyota and the Taiwan Government fail to come to

seek another foreign partner for the venture, say officials.

Soviet orders

TURIN-Fiat, Italy's major car manufacturer and leading private industrial group, said it may receive as much as L3 trillion (million, million) (£1,3bn) worth of orders for its products from the Soviet Union under a five-year cooperation accord renewed last useek.

last week. company confirmed Italian press reports from Moscow that senior Soviet officials had indicated they were considering importing large amounts of the company's products, including engines. machine earthmoving

But a company official said that only one new contract, a \$40m (£30.8m) order for automated welding equip-ment from Flat's productions systems unit, Coman, had so far been signed. AP-DJ

By Robert King in Taipei

"THERE HAS never been a contract of this kind, of this size before and there probably won't be another one again," remarked M Ollvler Poupart-Lafarge, the chief financial officer of Bouygues, France's largest private construction company, during a visit to the three-and-a-half square mile King largest private construction company, during a visit to the three-and-a-half square mile King partnership with Blount gave Bouygues the experience it was seeking of working with U.S. construction specifications.

Tovota to September 4.

If Toyota and the Taiwan Government fail to come to terms by then. Taiwan may seek another foreign narrier for the venture, say officials.

First expects big in construction is likely to be construction and engineering operations. They had in the construction of the university between the two com-

tion projects, it took longer to negotiate than to construct.

"It took about 41 months to negotiate the deal after winning the initial bid and only 40 months to complete the project," said M. Nicolas probably the grandest university campus ever built, it is the in the venture, 55 per cent of which is controlled by the French company, with 45 per cent held by the U.S. group.

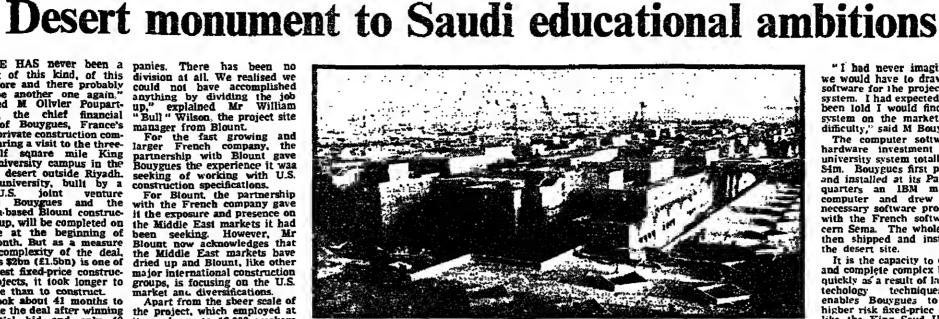
The project, which has broken new ground in its before and has never since been ments and its use of computers done," said Mr John Glynn, in construction, is likely to be-

Arabian desert outside Riyadh.

The university, bullt by a Franco-U.S. joint venture between Bouygues and the Alabama-based Blount construction group, will be completed on schedule at the beginning of next month. But as a measure of the complexity of the deal, which as \$20n (£1.5bn) is one of the largest fixed-price construction projects, it took about 41 months to negotiate than to construct.

"It is exposure and presence on the Middle East markets it had been seeking. However, Mr Blount now acknowledges that the Middle East markets bave dried up and Blount, like other major international construction groups, is focusing on the U.S. market and diversifications.

Apart from the seer scale of the project, which employed at



The King Sand University campus—the project took longer to negotiate than to construct

the campus, brought the total two

fixed project cost), up to \$200m in penalty clauses or 10 per cent

For nearly nine months, the Bouygues and Blount executives negotialed the arrangements

construction companies up to \$2bn.

The Saudis required \$80m in performance guarantees (the equivalent of 5 per cent of the and Saudi banking and legal practices.
The climax of the tough finan-

of the contract, and bank cial negotiations was a Keyguarantees totalling \$343m as stone Cops race with a cheque
collateral for a 20 per cent drawn on Morgan Guaranty for
advance for a similar amount on \$343m, the Saudi advance. drawn on Morgan Guaranty for \$343m, the Saudi advance, flown in by Concorde from Riyadh to be deposited in Wall Street in time to prevent the contractors finding themselves with a \$343m overdraft. "And Concorde could not land at New York's Kennedy airport that day because of fog," Mr Glynn

recollects. days when the U.S. prime was at its peaks and I calculated every day was worth \$175,000." But if the Saudi client imposed lough financial condi-tions, it also insisted on a sophislicated computerised project control system. The univer-sity authorities intend keeping

the software and hardware sys-tems and equipment used for the project to simulate the systems in the university's engineering department. King Saud contemporary archite University, as Dr Mansour aldruki, the university rector explains, has essentially a scientific and lechnical vocation, people and their wealth."

"I had never imagined that we would have to draw up the software for the project control system. I had expected and had been told I would find such a system on the market without difficulty," said M Bouygues.

The computer software and hardware investment for the university system totalled about Sim. Bouygues first purchased and installed at its Paris head-quarters an IBM mainframe computer and drew up the necessary software programmes with the French software concern Sema. The whole I at was then shipped and installed in

It is the capacity to construct and complete complex buildings quickly as a result of latest high technology techniques Ibat enables Bouvgues to bid in higher risk fixed-price contracts like the King Saud University project, M Poupart-Lafarge ex-

The university will open next September. It will have a capacity of 25,000 students with a ratio of one tutor for 10 students. Dr Al-Turki expects the university to open with as many as 19,000 students.

many as 19,000 students,

This may be an optimistic target. However, the university is clearly intended to play a long-term role in the Saudi education programme. The enormous campus with its high technology facilities and its contemporary architecture. contemporary architecture drawn on Arabian Iraditions is, In Mr Blount's words, " a monu-ment to the Saudi Arabian

U.S. curbs on textile imports attacked

THE U.S. came under heavy fire from textile-producing developing contries over the weeke od for stepping up restrictions on imports of their products.

More than two dozen textile-producing countries met in Karacht to esatblish an inter-national textile and elothing bureau to be based in Geneva and to discuss the problems hitting textile and clothing

Pakistan is hosting the meeting, which will also examine the recent General Agreement on Tariffs and Trade (Gatt) study on textiles and torm a strategy for negotialions for future treatment of textile trade when the current Multi-Fibre Arrange-ment ends in July 1986. Mr Ghulam Ishaq Khan, Pakistan's Minister for Finance and Commerce, who

opened the meeting, said: "In the U.S. new domestic criteria have been recently evolved in order to extend controls to the, so far, unrestrained pro-ducts and sources."

He said steps were afoot "to reopen and renegotiate even the existing hilateral arrangements in order to make them more restrictive." These measures are being

laken not against a backdrop of recession, but in the con-text of a strong economic recovery, the minister added.
He accused the industrialised nations of acling contrary
to the spirit of their decisions
at June's London summit, as well as last year's Williams-burg meeting, where the developed countries had com-mitted themselves to examining ways of liberalising trade

The Trade Surveillance Board (TSB) under Gatt bas asked the U.S. to withdraw restrictions placed on three categories of garments exported by India under a bilateral (extile agreement between, according to Indian Commence Whistory & Salester Commerce Ministry officials, writes K. K. Sharma in New

India took the malier to the TSB last month on the grounds that the U.S. restrictions on imports of men's and boy's lackets, men's and women's sweaters and man-made fibre blouses did not seriously damage U.S.

UK employers urge tougher line on Spanish car tariffs

BY JOHN GREFFITHS IN LONDON

THE CONFEDERATION of British industry is urging the UK Government to take a tougher line with Spain on tariff harriers to car and

ther manufacturing imports.
The Government and BL, the state-owned car manufacturer, were disappointed last month by a failure to persuade Spain to in-crease the quota of EEC-produced cars which it allows to be imported

at reduced rates of duty.

Cars imported to Spain normally attract a duty of 36.7 per cent, while Spanish cars entering the EEC attract only 4.4 per cent.

ly responsible for Spain allowing said: We are most disappointed by 15,000 EEC built cars to be imported in the year to this July at 19-25 try whose production of cars now per cent duty. BL's share of the quo-

Spain has refused to increase the total quota for the current year but. bas allowed BL an extra 243 cars, which BL has dismissed as "deriso-

In a letter to Mr Paul Channon, the Trade Minister, Sir Terence

Beckett, the CBI's director-general

Pressure from the UK was main- and a former chairman of Ford UK, the recalcitrant attitude of a coun-

> The CBI's latest approach to the Government is aimed at ensuring that the transition period allowed to Spain after its expected accession to the EEC in 1986 is kept as short

> During that period, it will be expected to hring its tariffs for manufartured goods into line with those of other EEC member states.

Nippon Kokan to build oil production unit

By Robert Cottrell in Tokyo NIPPON KOKAN, the Japanese steelmaker, is to undertake the world's first new building construction of a deepwater offshore oil production and testing system (PTS), for K/S Petrojarl, a consortium of Norwegian compa-

Nippon Kokan says the PTS will be capable of handling oil production of up to 20,000 barrels a day and can operate at a water depth of between 100 and 650 metres.

The PTS, due to be completed by early 1986, will have a storage capacity of 169,000 barrels of oil.

Turkey and U.S. sign metro study accord

BY DAVID BARCHARD IN ANKARA

TURKEY and the U.S. have agreed on a feasibility study for the Istanbul tube tunnel rail crossing and Istanbul metro system.

The agreement, signed by Mr Robert Strausz-Hupe, the U.S. ambassador in Turkey and the Undersecretary for the Treasury and Foreign Trade, Mr Ekrem Pakdemirll,

\$400,000, possibly rising to \$1.4m. The tube tunnel rail crossing is likely to be the city's third Bospho- ki Yarutürk said he hoped definite rus crossing and the metro system will eventually be one of the largest emerge by early next year.

public spending projects in Turkey over the next decade. Five or six consortia are known to be interested in the feasibility

tender, which is being financed by the U.S. Congress Trade and Devel opment Programme. AP reports from Jedda: Sandi Arabia and Turkey have signed a memwill run for three years.

orandum of understanding to boost
The study will cost an initial military co-operation and set up Turkish Defence Minister Mr Ze

plans for joint ventures would

BLUEPRINT

Wellington, in Shropshire has one of the country's most elegant modern indoorswimmingpools. And Wrekin District Council, which operates it, has chosen an equally elegant and modern way of heating the pool complex - two electric heat pumps. Using similar equipment pool owners could cul running costs by up to 75 per cent compared with tra-ditional systems in which warm, moist

air is simply vented outside and lost. Heat pumps reclaim and re-use the heat from this valuable source and at the same time create a warm, moisture-controlled atmosphere in the pool hall. This protects the building structure from condensation, so the system safeguards the capital investment as well as cutting running costs.

Damage from condensation is a major problem in conventional pools and severely limits the choice of building materials. At Wellington, the designers were able to use an elegant laminated wood interior in the cer-

tainty it would come to no harm.

Because ozone is used to do the major disinfection work in the water instead of chlorine-based chemicals, the whole pool environment smells fresh. There is none of the usual chlorinous swimming pool odour, and no irritation to the swimmers' skin or eyes. The ozone water treatment ensures there are no unwanted odours and the air can always be recirculated which makes really effective heat reclaim possible.

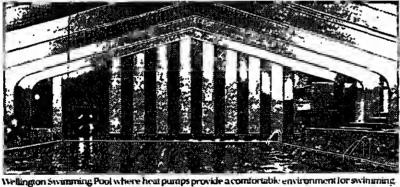
How does the system work? Warm, moist air is drawn off from the water surface into a "wet" duct which surrounds the pool. The main heat

Dining in the rigi

Rules is a well-known restaurant in

London's Covent Garden - a res-

Heat pumps cut running costs of swimming pools by up to 75%



pump dehumidifies this air and the dried air is eventually recirculated. The majority of the heat reclaimed is latent heat from the moisture in the air. It is used to heat the pool water and the dry, recirculated air, which is mixed with a proportion of fresh air and directed up the walls from floorlevel ducts, to maintain a hall temperature of 29°C. This heat pump also provides heat for shower and tap water at 40°C throughout the whole complex. More energy is saved in the showers by controlling them automatically to operate for 30 seconds at

false ceiling void, one above the bar.

The pool water, at 28°C, acts as a large store for spare heat from the main heat pump. A second heal pump enables this surplus heat in the pool to be upgraded and used to

heat other areas of the complex changing rooms, stall facilities, offices and toilets. An independent boileractsasasecondaryheatsource

> is only used in very cold weather. The pool, with an area of 325 square metres, is open for an average of 13 hours a day. It's used by over 12,000 peopleamonth, said Manager Bryant Rudolph, and is extremely popular. We are delighted with the running costs." he said, "and with recent adjustments to control equipment, they will be even better." Operation of the system is so energy efficient that the equipment capital cost will be recouped within four vears at most.

if the water temperature drops, but it

For further information tick box

energy to contribute to the heating. The units operate independently and can be switched from heating to cooling as customer requirements dictate.

restaurani.

Forfurtherinformationtickboxno.2.

School's first prize for energy saving

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY.

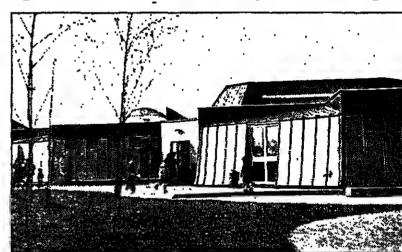
School at Clacton is an excellent example of good energy design and management. So good, in fact, that it won the 1982 Building Services Award for Energy Use in Buildings.

The intention of the building

design was to produce a school needing as little as 50 per cent of the energy of a conventional design. Electric heat pumps, in conjunction with underfloor pipe-work, high-efficiency lighting and heat reclaim equipment, are among the main reasons for the scheme's success. Environmental comfort is based on three water-to-water heat pumps obtaining heat from ground water and transferring it to an underfloor heating scheme at up to 45°C. In addition, controlled ventilation is used with heat recovery equipment to reclaim heat from exhaust air and preheal the warm air supply. Passive solar heat is also used through rapidresponse solar walls on the school's

southern face, and through south-facing vertically glazed roof lights which capture the low winter sun. The heat pumps are used to warm the building via the underfloor system, before it is occupied. During theday, the heat pumps supply heal to the warm-air units to provide a rapid response to changing ambient con-ditions. The daytime heat need is normally low, thanks to the high insulation standards and the solar gain made possible by the school's

Lighting, using the latest high-efficiency lamps with improved colour rendering, also helps control energy costs. They are further monitored by a microprocessorbased control system which switches lamps off automatically when particular areas are empty. Local override switches provide flexibility. Another control system performs a similar task for the heating and mechanical



Ravenscroft School where electricity is providing for the future ventilation equipment. It accurately adjusts performance to conditions, minimising energy expenditure by responding to changing needs in different parts of the building independently.

in spite of the overall system's apparent sophistication, all the services are unobtrusive yet readily accessible for maintenance," said the competition judges of the Building Services Award. The building is so designed and siled as to give classrooms the full benefit of solar gain in winter, while less critical areas, like toilets and kitchens, form insulating barriers on the north face. Walls and

roofs are insulated to high standards. and glazed entrance lobbies provide insulating air locks.

The competition judges' comments made particular mention of the design teams ingenuity in inte-grating advanced energy-saving equipment into a structure fully designed to make the most of it. In fact, savings in the all-electric school could be as much as 50 per cent compared with more conventional designs and yet, as the judges point out, the savings were achieved at little or no extra cost to the client. For further information tick box

nt atmosphere	the other above a window disguised to look like part of the original	structural design. Another energy- efficient option open to the school is	[
	window.	to use the underfloor heating coils	Please send me o
he atmosphere of the restaurant.	Compact, quiet and efficient, the	to store heat from the heat pumps	of leaflets inform
Rules needed a compact, quiet and	heat pumps can both heat and cool	using electricity supplied at the off-	on the following
completely unobtrusive heating and	and they make use of free ambient	peak night rate.	Please tick as app
confingerstem to keen the restaurant	energy to contribute to the heating	Lighting using the latest high.	priate (UK only).

taurant that prides itself on good English fare and old-fashioned, cooling system to keep the restaurant dignified service. The restaurant's warm and welcoming, vet one that Edwardian decor belies its 18th-century origins, indeed Charles would be economical to run. To solve the problem, they decided lo use split air-lo-air electric heat Dickens is only one of the literary pumps, two of which were installed giants of the last century reputed to in the front bar area of the restaurant. have eaten there. Although outwardly Rules appears Theouldoorunitsaremountedoutof thewayontheroof.Bothair-handling to have altered little in the last 186 years, energy-saving technology is making an important contribution to units have been hidden away in the

The electric heat pumps have proved so satisfactory that three more have been installed in the domed ceiling at the rear of the

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UK NEWS

Docks warning as ports get back to work

BY BRIAN GROOM, LABOUR STAFF

DOCKERS' LEADERS intend to wild on the re-found militancy which they believe their two-week strike has demonstrated by trying to achieve further gains against employers on a range of outstanding

This warning was made as all of Britain's ports began returning to normal working yesterday. Dockers in Liverpool, Hull and Southampton terday to go back, after colleagues in ports such as London and Goole had already returned.

At a national union docks confer ence in London on Saturday, only about seven out of 88 delegates votthrashed out in 16 bours of negotia-tions at the headquarters of the Ad-visory. Conciliation and Arbitration Services (Acas), the independent

Mr John Connolly, docks secretary of the Transport and General Workers' Union (TGWU) said of the strike: The response on this occasion has been so great that it is a first stage in our view. We will be seeing an expansion of that, and we

to make it possible." He did not specify the TGWU's

the union's policy of blacking ship-ping services which are switched between ports by shipowners who seek e better financial deal.

The TGWU believes this switchdoned ports, but the blacking policy has been underminded by lack of

The union will try to get a tighter grip on breaches of the statutory dock labour scheme. It may also ex-ert internal discipline against the signing of local deals which favour called abuses of the labour scheme in which local TGWU officials have

are its weakest link - as shown by the crumbling of the dispute er last week, and the return to work at Felixstowe which would probably have followed.

The strike started over British Steel's use of unregistered labour to load iron ore blacked by dockers at

ing to their local dock labour board.

gains they are seeking. They believe also that the Acas formula which introduces no new proce dures to the dock labour scheme fails to give unions the concessions

Under the deal the unions state they are not seeking a new industri-

Freeze on cash for 'hit-list' councils

By Robin Pattley

CASH freeze for councils caught y the Government's rate-capping egislation, which restricts the powers of local authoriby Mr Patrick Jenkin, Environment Secretary, together with increased penalties for councils which exceed

Mr Jenkin will announce e relayation of financial pressures on councils which keep within the Government's targets, notably most of the Tory-controlled shire county

The rate-capping "hit list" con-tains 18 councils, but ministers are considering a last-minute reprieve for Brent, Merseyside and Sheffield. These three exceeded their grant-related expenditure assess-ments - the Government's calculation of the expenditure provide e standard level of servi by less than 25 per cent. If they are reprieved, they will be the most likely candidates to head the 1986-87 hit list unless they make vo-

luntary cuts. show that the Government has increased targets for lower-spending councils more generously than for those which persistently overshoot their budgets.

hit-list councils at the same level in 1985-88 as in 1984-85 means cuts the rate of inflation, expected to be means substantial cuts will have to be made in some already hardpressed urban areas, such as Hack-ney in London, which is Britain's

CBI warns of optimism over stronger July sales growth

BY MICHAEL PROWSE

RETAILERS and wholesalers expect to sell more this month than in July 1983, according to the latest survey of the distributive trades by the Coofederation of British Industry, the UK employers organisation, and the Financial Times.

Mr John Salisse, chairman of the CBI's distributive trades' panel, warns, however, that "the survey was completed before the recent rise in mortgage rates which is likeing months." Retailers are continuing to enjoy stronger sales growth than wholesalers. The CBI suggests thet, because the July sales were so successful last year, a further improvement this year shows "considerable optimism

The survey indicates that 69 per cent of retailers expect to sell more in July than e year ago and only 8 sumably reflecting the impact of in July than e year ago and only 8 per cent less.

All sectors, including confection-ery, tobacco and newspapers, which expect to sell more this month than

less encouraging. Sales growth seems to have ground to a halt. In June 42 per cent of wholesalers reported higher sales than a year ago and 41 per cent lower sales. The positive balance of I per cent was the lowest since the sur started in July 1983.

July, but since March their expecta-tions have been consistently overoptimistic. The CBI points out that wholesalers have been significantly affected by a large fall in sales in the miners strike.

For the distributive trades as a whole there has been a steady de celeration in sales growth since the beginning of the year. The positive balance of companies reporting in-creased sales has fallen steadily since January and in June was the lowest since the survey started.

The survey indicates that motor traders are having an unexpectedly poor summer. Last month 45 per compared with June 1983, and only 34 per cent an increase. A further Wholesalers expect to do better in fall in sales and stocks is predicted

A positive balance of firms surveyed in all retailing and most wholesaling sectors expect to place higger orders with their suppliers this July than in 1983. Higher volumes of stocks are also expected.

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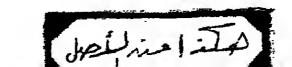
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Vital word in way of coal peace

ONLY the word "beneficial" sepa-rates the two sides in the miners' dispute, which enters its 20th week

The formulation in the National Coal Board's (NCB) draft on which talks broke down last week, and which the full National Union of Mineworkers' (NUM) executive will consider on Thursday, said where both sides agreed that a colliery had "no further mineable reserves... which can be beneficially developed, such a colliery shall be deemed exhausted." The NUM's draft simply left out "beneficially."

Mr Arthur Scargill, the NUM president, has insisted that the word is a proxy for "economically" or "profitably" – and thus to agree on its inclusion would be to allow the Neticaal Coal Board to close it defines it or for the netical coal coars. In the second instance it defines it or for the netical coal coars. the National Coal Board to close it defines it as "of benefit", and depits on purely loss-making grounds. fines "benefit" as "a thing well

has put a stricter construction on the vital word than the NCB meant. After all, if the NCB meant to say "profitably" or "economically", why did it not use these words, rather

than the much vaguer one?

These questions are now being posed by NUM officials, who fear that the tactic of continuing the dispute into the winter may result in defeat, and who suspect that the NCB's final offer may, after all, represent a considerable tactical victory for the union.

The shorter Oxford English Dic-

But it is possible that Mr Scargill done, a good deed; a kind deed, favour, gift; advantage, profit, good (the ordinary sense)." So that, while profit can be part of its meaning, there is plenty of scope for semantic argument.

Roget's Thesaurus - which Mr Mick McGahey, the NUM presi-dent, bas consulted on this subject gives as synonyms for beneficial wholesome, healthy, salutary, sound, refreshing, edifying, worthwhile, advantageous, profitable, favourable, kind, propitious, barm-less, hurtless, inoffensive, unobnox-

ious, innocuous The semantics of this argument are much more than academic. If a serious lobby develops in the NUM for a settlement on the basis of the NCB's last offer, it will centre on the amount of flexibility which "beneficial" can offer.

Publicly the NCB bas maintained like Mr Scargill - that the word has economic connotations. It must do so, for the Government is unlikely to approve of a settlement which ance from a long and hugely expen-

Mrs Margaret Thatcher, the Prime Minister, said in the House of Commons last week that the NCB must not concede on the word.

Senior officials at the NCB believe, however, the word is capable of a variety of constructions, and are fearful that it may already have conceded too much.

It is a rare offer whose wording is interpreted strictly by the union but the NCB's final draft may be

Management at **FTS** blamed by auditors

A POWERFUL group of institutional investors will decide next month whether to continue support for Fudesign and manufacture a new gencomputer systems in Beith, near

An interim financial report pro-duced at the beginning of this month by Coopers & Lybrand, the major auditing and consultancy firm, found that the company "has suffered from appalling financial

Coopers calculated that the capital injected by the funds through a share placing arranged by brokers in August last year have been en-tirely eliminated. It concludes that should the shareholders elect to invest more capital as "an act of faith" in the company's product they should either seek a buyer for the company or "re-organise the structure of the company radically, par-tucularly in respect of manage-ment, systems and operating loca-

Mr Peter McHugh, one of three founders of FTS, will be replaced this week by Sir Monty Finniston. former chairman of British Steel

NatWest moves to establish integrated securities house

BY DAVID LASCELLES

NATIONAL Westminster's agreement last Friday to buy a 5 per cent stake in Fielding Newson-Smith, the stockbroker, seems to put in ture Technology Systems (FTS), the stockbroker seems to put in which was formed five years ago to place all the building blocks it needs for the "integrated securities house" now fashionable but still untested in the London banking

Once stock exchange rules allow it, NatWest will buy full control of the stockbroking firm and weld it to Bisgood, Bishop, the stockjobbers, in which it already has a 29.8 per cent stake, and to County Bank, NatWest's merchant bank which is masterminding the plan.

Mr Charles Villiers, County Bank's chief executive says Nat-West will then have issuing market making and distribution capacities all under one roof, something only made possible by the Stock Ex-change's decision to end the traditional distinction between brokers

NatWest's deal may not be the biggest so far arranged by UK clearing banks but it appears to be the most far reaching. In sheer size, Barclays' tie-up of over £100m with de Zoete & Bevan, the stockbrokers and Wedd Durlacher, the jobbers is in the lead. But unlike NatWest, But the details of bow the three feelings of being proper fust to stay in the race.

full control of its partners which im-plies that total integration is not thought possible or desirable.

Samuel Montagu, Midland Bank's 60 per cent-owned merchant bank has an alliance with W. Greenwell and Co, the stockbrokers, but has stopped short of joining with a jobber as well because it believes it can build on its own trading skills, which traditionally have been strong. Lloyds Bank bas yet to make a move although it is looking at the possibility of joining with a stockbroker to offer discount bro-king services to its retail customers.

NatWest's deal was greeted with some scepticism from the still considerable ranks of those who cannot imagine how bankers, stockbrokers and jobbers can ever form a harmonious marriage. Mr Villiers is one of the more articulate exponents of change, bowever, and staff at Coun-ty Bank say they have spent count-less hours plotting their move.

"We chose to go with Fielding and Bisgood, because they bave a similar attitude to us. They see the need for change and agree on the con-cept of an integrated capitals market operation," be says.

be worked out. NatWest is keen that Fielding and Bisgood retain business from NatWest's competi tors. Eventually their identities will merge with NatWest and they will move into a single building.

The cost of assembling this oper ation will be quite modest for Nat-West, the world's 12th largest bank which only last week announced a £238m rights issue.

The Bisgood deal will cost about £15m; no value has been given for the Fieldings deal. The greater out-lay will be capitalising the venture to a sufficient size, to take on the giants of the international investment business. Under Bank of England rules, it will bave to be a sepa-rate subsidy that will not be al-lowed to gear itself up as highly as a bank, so it will need more capital

Although these bank deals may be pioneering, they are still little more than shots in the dark. Bankers say that the successful bank of the future must be totally involved in the capital markets, but they also admit to deep uncertainties, and to feelings of being propelled to act,

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factories

Property Correspondent

DEMAND FROM industry for

small factories and workshops is in-

creasing, according to English Es-

tates, the industrial development

agency which is part-funded by the

In its annual report for the year to March, English Estates says in-

terest in small business premises

grew significantly and that larger

units were also increasingly in de-

mand. The ageocy obtains funds for its development activities from the

Department of Trade and Industry,

the Development Commission and from the private sector.

Lettings in England were at re-

cord levels and amounted to nearly

1,200 units accounting for 2.9m sq ft of floorspace, a 31 per cent increase from 1983.

The volume of space let substantially exceeded the 1.35m sq ft of floorspace completed, with the re-

sult that vacant floorspace fell by 10

per cent over the year. At the year end, however, English Estates still

had nearly 5m sq ft of floorspace

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By Michael Cassell,

Government.

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Lloyds Bank ready to grapple with change for small

UK NEWS

A HEAVY agenda will confront Mr Fred Crawley when he takes over as chief general manager of Lloyds Bank at the end of this month. Like all clearing banks Lloyds is gearing up for an escalation in the battle with building societies for deposits, and management will also have to grapple with the fast-changing scene in the City of London, with developments such as home bank-

ing and cashless shopping.

But Mr Crawley comes to the job with wits sharpened by time spent with Lloyds' subsidiary in California, which is probably the world's most competitive - and potentially lucrative - banking market. Recent ly he has been in charge of marketing and planning at the smallest, but in many people's view the classiest of Britain's big four clearing

He said: "We see a need for change to accelerate, but not necessarily for big changes."

He believes his most pressing

task will be to combat the inroads made by the huilding societies oo the banks' traditional market. The Chancellor's decision to make banks pay interest net of tax rather than gross from next year will eliminate a useful competitive advan-tage which helped disguise the fact have to get to the position where we banking and cashless shopping. minate a useful competitive advan-

Lloyds' new chief outlines the need to accommodate a changing banking scene, reports David Lascelles, Banking Correspondent.

that banks' deposit rates were not overly generous. This poses a threat to the £3bn Lloyds holds in seven-day decosits.

"No doubt we shall have to pay our depositors more, our deposit base is too valuable to let the air out overnight," he said. "But we also intend to stress that the return on money is oot everything. We offer other valuable services."

High returns certainly pay off, as Lloyds has pulled £1.25bn into the special high-interest account it launched last year. That's a tre-mendous figure, said Mr Crawley, who recalls being impressed when California hanks rapidly got a quarter of their deposit base by offering high-yielding money market accounts after these were authorised two years ago to the U.S.

This also means increased banking charges, however, as Lloyds and its rivals strive to recover the full

charge fully for services. At the moment we are only recovering about 50 per cent."

As automation improves, however, and banks branch out into new lines of business, traditional

revamp its trustee business into a financial counselling service, where customers can get advice on money, investment and tax matters. This would be linked to a discount broking service which Lloyds would offer in conjunction with stockbrokers, and from there it would only be one step to cash management accounts which combine savings and investments. These are popular m the U.S. but quite new to the UK.

Mr Crawley also sees "all sorts of potential" for Black Horse Agencies, Lloyds' recent and still un entry into the estate agent business. The agency is the largest network in the country with 170 offices, and should increase to 300 in the next two years.

Mr Crawley is wary about much publicised breakthroughs in banking technology such as video home

services such as cashing cheques and money transmission will be-come relatively less important Mr Crawley is keen to see Lloyds

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SUMMARY

CORRECTION NOTICE to Orange Free State Quarterlies that appeared in this paper 20 July 1984.

JOINT METALLURGICAL SCHEME Administered by Anglo American Corporation of South Africa Piease note that the figures under "Summary" should have read:

Quarter 9 months ended ended Quarter ended ended ended ended June 1984 March 1984 June 1984

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Accountants' status 'threatened by growing commercialism'

A LEADING accountant has given ors, such as the examination of a warning that encroaching com-mercialism is threatening the professional status of accountants in public practice.

Mr Bernard Lee, chairman of the board of the American Institute of Certified Public Accountants, voiced his concern only days before memhers of the Institute of Chartered Accountants in England and Wales meet to vote on radical new guidelines that will, for the first time in the UK, allow widespread advertising and publicity by practising accountants

The U.S. accounting profession bas allowed advertising for several years. U.S. firms are marketing new types of business, including the selling of tax shelter schemes, and work traditionally done by survey-

Mr Lee, interviewed in London

was concerned that the profession might lose its independent status. "We have the exclusive franchise to perform audits and have gained in is stagnating, accountancy firms the minds of our clients the status by which they entrust all sorts of other undertakings to us, believing that they will find objectivity." The American Institute bas been

coming under increasing pressure from members to ease its code of professional ethics even further to allow, for example, the buying and selling for commission of software designed by others - and even comouter hardware, too. A recent move to change the rules was defeated by only two votes (87 to 85).

path he feels the profession should take, but he said: "If we take on the trappings of a commercial concern we should not stumble into it, but do it intentionally and knowingly."

At a time when the audit market are under growing pressure to move into new areas of financial services. "The larger firms are looking for other things to do," said Mr Lee. "A commercial approach is largely expected of us by our clients."

In the UK, restrictions on advertising are expected to be lifted by October this year. The Association of Certified Accountants, the main body other than the chartered institute, whose members conduct audits, agreed new guidelines at its Mr Lee is not dogmatic about the June council meeting.

Contracts & Tenders

IRBID DISTRICT ELECTRICITY COMPANY LTD.

JORDAN ENERGY DEVELOPMENT PROJECT IBRD LOAN No. 2371-JO

The Irbid District Electricity Company Ltd. (IDECo) invites Tenders for the supply CIF Aqaba, Jordan, of material listed below. The projects will be financed by the International Bank for Reconstruction and Development (IBRD) and tenders are acceptable only

MATERIALS FOR ELECTRICAL DISTRIBUTION NETWORK

the following:—
44,825 black welded steel tubes each 6 metres long.
267,300 mild steel bolts.

3.3 tonne welding electrodes.
187 tonne hot rolled carbon steel strip and sheets.

4.070 impregnated wood poles for electric distribution line

supports.

Tender Document price US\$150 in Jordon or £115 in UK.

Supply of 11kV and LV Underground and Service Cables and

Associated Fittings - 25114/03

Tenders are invited for the supply and delivery CIF Aqaba of

compression tools.

Tender Document price US\$150 in Jordan or £115 in UK.

Supply of Line Insulators and Stay Equipment - 25114/04

Tenders are invited for the supply and delivery CIF Aqaba of

Tenders are Invited for the supply and delivery CIF Aqaba of the following:—

23.650 single-phase 220V 10/60A kilowatt hour meters.

550 three-phase 380V 40/100A kilowatt hour meters.

23.650 single-phase MCB's.

275 three-phase MCB's.

Tender Document price US\$150 in Jordon or £115 in UK.

Tender documents will be available on or after 23rd July 1984 obtainable by application in writing to Irbid District Electricity Company Ltd., PO Box 46. Irbid, The Hashemite Kingdom of Jordan, accompanied by a cheque for the appropriate JD amount, as above. OR from Preece Cardew & Rider Ltd. at Prudentiel House. North Street, Brighton, Sussex BN1 1RW, Consulting Engineers to Irbid District Electricity Company Ltd., on payment of the Sterling amounts stated above. These sums are oot refundable.

refundable.

Tender documents will consist of three documents one of which will contain the IEE/MechE General Conditions of Contract "BI." Two copies of Tenders must be submitted to IDECo office in Irbid by 12 noon on the 15th September 1984 for 25114/01 and 02; 16th September 1984 for 25114/03 and 04; 17th September 1984 for

Art Galleries Clubs MARTYN CREGORY, CHIMA TRADE PAINTINGS & OTHER PICTURES RELATING TO THE FAR EAST, 15th-27th Jair, Monday-Friday 10 am-6 pm, 14 Bury Street, S. James's, London SWI (GI-839 3731).

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from countries who are members of the IBRD, Switzerland, and Taiwan. This notice for specific work follows the General Procurement Notice for this project which appeared in Development Forum No. 150 dated 16th May 1984.

Supply of Tubular Steel Pipes, Bolts, Welding Electrodes, Steel Strip and Sheets and Aluminium Paint - 25114/01 Tenders are invited for the supply and delivery CIF Aqaba of

Il tonne protective paint undercoat and top coat for steelwork. Tender Document price US\$150 in Jordon or £115 in UK. Supply of High Voltage Wood Poles - 2\$114/02. Tenders are invited for the supply and delivery CIF Aqaba of the following:—

the following:—
2,200 km of 1,000-volt grade cables, 12.1 km of 11kV underground cables and 16.5 km of insulated earthing conductors.

Straight joints, parallel groove clamps, compression lugs and
compression tools.

7.040 line post insulators, 3,000 stay insulators.
Helically preformed fittings.
Staywire and stayrods.
Binding wire, chasing tape and stirrups.
Tender Document price US\$150 in Jordon or £115 in UK.
Supply of Kilowatt Hour Meters and Miniature or Moulded
Case Circuit Breakers - 25114/05

Tenders are invited for the supply and delivery CIF Agaba of

Fixed price contracts are required and tenders must be valid for four months and be accompanied by a Bid Bond as specified in the documents valid for four months.

Company **Notices**

MOTICE TO MOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SUMITOMO ELECTRIC INDUSTRIES LTD.

Further to per natice of March 23, 1994, EDR hadden are informed that Seminors Electric Industries; paid a dividend to holders of second March 31, 1994, The costs deviated populate in You'S per Common Stack of You'S Gull per share, Present to Chause 8 of the Deposit Agreement the Depositary has converted the net remost, after deduction of Agreement withholding traces, into third Stones Bollins, EDR hadden may save present Coupon Mo. 7 for payment to the undermembraid agents. Payment of the dividend with e 15% withholding tax is subject to receipt by the Depository or the Agric e value affected or residence in excountly having a text treaty or agreement with Agent giving the benefit of the reduced withholding rate. Countries country having such arrangements are an follows: A. R. of Egypt

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The Bank of England announces that Her Majesty's Treasury bas created on 20th July 1984, and has issued to the Bank, additional amounts as indicated of each of the following

£250 million 91 per cent TREASURY STOCK, 1988 £250 million 101 per cent TREASURY STOCK, 1999 £200 million 112 per cent TREASURY STOCK, 2003-2007

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 20th July 1984 as certified by the Government Broker. In additiod, Her Majesty's Treasury has created on 20th July 1984, and has issued to the National Debt Commissioners for public funds under their management, additional emounts as indicated of each of the following Stocks:

£100 million 101 per cent TREASURY STOCK, 1989 £100 million 10½ per cent EXCHEOUER STOCK 1997

In each case, the amount issued on 20th July 1984 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and pari passa with that stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Application has been made to the Council of The Stock Exchange for each further trancha of stock to be admitted to the Official List.

Copies of the prospectuses for 9½ per cent Treasury Stock, 1988, 10½ Treasury Stock, 1999 and 11½ per cent Treasury Stock, 2003-2007, dated 11th October 1982, 16th December 1977 and 20th July 1979 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London ECAM 9AA. The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below: Redemption data

91, per cent Treasury Riock, 1988 102- per cent Treasury Stock, 1989 112- per cent Treasury Stock, 2003-2007 Stock, 2003-2007 Stock, 2003-2007

dates
25th April
25th October
19th May
19th November
22nd January
22nd July

The further tranches of 9½ per cent Treasury Stock, 1988 and 10½ per cent Treasury Stock, 1999 will rank for a full six months' interest on the next interest payment date epplicable to the relevant Stock. The further tranche of 11½ per cent Treasury Stock, 2008-2007 has been issued nn an ex-dividend basis and will not rank for the interest payment due on 22nd July 1984 on the existing Stock. Official dealings in the Stocks on The Stock Exchange are expected to commence on Monday, 23rd July 1984.

BANK OF ENGLAND LONDON

20th July 1984

TRADE DEPARTMENT FREEZES SCHEME TO STRENGTHEN TIES WITH UNIVERSITIES

Industrial research plan shelved

SPENDING CUTS have forced the that we are looking for taking place Department of Trade and Industry without some new investment," (DTI) to freeze until at least next said Sir Alan. "The Government is April a scheme to strengthen re-search links between academic institutions and industry.

The plan, suggested in a report

by the Government's scientific advisers last year and which until rescience parks and measures to encourage the interchange of staff been the scademic and commer-

engineer who was chairman of an advisory group that last June urged the Government to adopt the scheme, said he had been disappointed at the lack of official action. Sir Alan, a former senior partner of Sir William Halcrow and Partners, the engineering company, said that the Government should give the "highest priority" to encou-raging universities and polytech-nics to do research more relevant to

As a result of cuts in the nation's education budget, academic institu-tions could do only a limited amount to redirect work towards commercial projects of a kind that would "fundamentally benefit" UK problems.

being extremely short-sighted if it doesn't appreciate that the useful points about the scheme would be ture fund" until budgetary restric-

worth the limited amount of money that it is being asked to contribute." The group of which Sir Alan was cently had the full backing of DTI chairman was a working party set officials, would have pumped up to up by the Advisory Council lor Apofficials, would have pumped up to up by the Advisory Council lor Ap-25m a year into projects such as plied Research and Development Besides calling for an "infrastruc-

ministered by the DTI, the working Sir Alan Mnir Wood, a leading party's report urged the Science and Engineering Research Council divisory group that last June urged (SERC) (whose budget comes from the Department of Education and Science) to spend an extra £10m a year in supporting universities and polytechnics that do industrially or-

In the view of Sir Alan's group, the infrastructure fund would help to pay for joint academic-industrial research units and the provision of teams of officers to advise academic staffs on matters such as petents. The SERC cash, meanwhile, would permit educational institutions to ies that complement research aimed at solving specific industrial

The Government has yet to re-

ment. Civil servants from both the DTI and the Education Department are considering the report. The DTI said that officials had been ready to tions ruled it out.

"We continue to think that the scheme was a good one, but it had to be stopped as e result of Treasury decisions. It will stay frozen until such time that the department is able to finance it in a reasonable ture fund" of CSm a year to be ad- way. This will not be until at least the start of the next financial year."

Prof Derek Smith, the chairman of a group called University Direc-tors of Industrial Liaison (Udil), said that in the absence of more money from the Government, people employed by universities to strengthen commercial links would "soldier on." Prof Smith, managing director of a company set up by London's Queen Mary College to do industrial work, said cash was needed to recruit more industrial liaison officers.

"We need to get university staff out of offices and on to the road to continue with basic scientific studthis is often not possible with present funding levels."

Prof Goddard said that universities should become more closely in- who worked for other small compaspond formally to the Acard docu- volved with industry as a way of nies in the area.

giving local companies new ideas in, for instance, product develop ment and thus arresting economic decline in regions outside the relatively prosperous south-east.

 Universities should remove for mel berriers that discourage their scientific and engineering staff from working for industry and should take their employees' commercial records into account when deciding on promotion.

These are likely to feature among the conclusions of a study to be published in the autumn on the growth of high-technology companies in Cambridge. The city provides the best example in Britain of the way in which an academic institution can nurture small businesses in-volved with novel applications of science and technology.

The area has some 300 small technology-based companies, a large proportion of which have started in the past five years and have links with the city's universi-

An important finding from the study, conducted by Segal Quince & Associates, a company of consul-tants based in Cambridge, is that a high percentage of the new businesses were formed by people who were previously at the university or

France will supply half of Jersey's electricity needs

BY EDWARD OWEN

national grid after April 1985.

ing about £13.5m on the project.

The main purpose of the cable the last century, Jersey shares a link is to reduce Jersey's present to
mer commune with France to the tal dependence on oil lor generating east and south of the island in its electricity. The island's fears which each has traditional fishing

continuing conflicts in the Middle

of January. over the two countries' rights
The £2.25m contract for manufacsouth and east of the islands. turing and installing the land cable

pany Cahles de Lyon. For most of its length, the cable

OVER TWO or three days in Au- French have agreed to ban trawlgust, during the neap tides, about 27 ing, dredging and anchoring for 500 km of submarine cable will be laid metres on either side of the cable. between Jersey and the Normandy Meanwhile, in dealings with the coast to enable the island to draw French Ministry of Industry, the half its electricity from the French Jersey Electricity Company has run into an international issue - the The Jersey Electricity Company, vexed and still unresolved question in which the island government is of who owns the sea bed between the principal shareholder, is spend-the island and France.

over the future cost and availability rights. Over the years, however, the of the fuel bave been underlined by two sides view of the common sea have diverged.

A Geneva court of arbitration Cable terminal stations have gave its ruling in 1977 on the divi-been built at Archirondel in Jersey sion of the Continental shelf beand Surville in Normandy. Laying tween Britain and France to the of the land cable to Jersey's La Col-north and northwest of the Channel lette power station is in progress, Islands, but decided it was not and should be completed by the end competent to resolve the dispute over the two countries' rights to the

In the dossier dealing with the went to Pirelli General in England, laying of the cable to Jersey, the and the C6.5m contract for the sea French have quietly slipped in cable was won by the French com- claims to territorial rights that have not been agreed by Britain.

However, the company thinks will be laid on the sea bed with only that for immediate practical purabout 1 km at each end buried. The poses, the issue can be sidestepped.

Port of London Authority

Summary of Accounts.

GROUP PROFIT AND LOSS ACCOUNT	GROUPBALANCESHEET
1963 1982	
£m £m	
TURNOVER 74.3 84.1	
OPERATING EXPENDITURE (61.7) (68.6	Tangible Assets
GROSSPROFIT 12.6 15.5	livestracuts 8.0 7.4
Administrative Expenses (10.2) (10.4	71.9 76.5
Investment Income	NET CURRENT ASSETS 14.1 12.8
PROPT BEFORE INTEREST 3.3 6.3	86.0 89.3
Insert (4.8) (11.4)	
	Annual Caller Annual
	more than one year 96.2 101.6
Tauntion Credit/(Charge)	Provisions for
LOSS AFTER TAXATION (1.5) (5.1)	Liabilities and Charges 16.7 17.0
Loss Attributable to	Accounts & Deferred
Minority Inferent	Income 3.6 3.8
LOSS DEFORE	Reserves(30.6) (33.2)
EXTRAORDINARY (TEMS (L.5) (5.1)) Minority Interest
Extraordinary hearts	86.0 89.3
(LOSSI/PROFIT FOR	
THEYEAR (1.5) 0.1	GROUP SOURCE AND APPLICATION
	OLI OURO SILVIENCIAL
	NET INCREASE/[DECREASE]
21st May, 1984	IN LIQUID FUNDS 3.1 (5.8)
V.G.PAIGE J.N.	BLACK . T.R. MACMASTER
Chairman Chief	Executive Director of Firmace
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The Commission of the European Communities informs heretrith the bearers of bonds that a selection by lot for a principal amount of US \$ 240.000 has been made for redemption in the presence of a Notary Public on July 12, 1984 at the Lucembourg branch of the Société Générale Alsocienne de Bonque.

Number of bonds selected by lot: 2398 to 2407 2586 to 2587 2590 31,72 to 3173 3184 32:15 to 3226 3311 to 3315 3317 to 3372 3374 to 3399 3450 to 3464 3504 to 3509 4598 to 4600 5101 to 5200 5301

Principal amount unamortised after 1st September 1984: US \$ 4,000,000. From 1st September 1964 the bonds selected by lot will no longer bea

nted for reimbursement should be accompanied by cour 1st September 1985 and following and will be payable in accordance with the terms and conditions shown on the bonds.

Financial Times Conferences

WORLD AEROSPACE

Aerospace After the Recession London, August 28, 29 and 30

This three day meeting just print to the Farnborough International Air Show will bring together a distinguished panel of top executives from the world airline and zerospace industries and regulatory authorities to address the theme "Aerospace After the Recession—where do we go from here?" Three additional topics have been added to the programme: "Aerospace Manufacturing in the Developing World" will be reviewed by Mr Ozires Silva, Chief Executive Officer, Embraer; "The Role of the Avionics Industry in World Aerospace" by Mr J. E. Pateman, Managing Director, Marconi Avionics and "The Future for Guided Weapons" by Mr B. J. Rosser from British Aerospace Dynamics Group.

All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street, London EC4R 9AX

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MANAGEMENT

IT WAS e quiet Friday in the Düsseldorf trading room of R.P. Martin, the world's largest broker of dollar-Deutschemark foreign exchaoge. A dozen dealers at a ring of desks bellowed at each other across huge banks of telephones, lights flashed and squawk boxes from bank dealing rooms added to

"Don't be deceived," said Peter Endres, the senior executive. " If it was really husy, you wouldn't be able to hear me

R. P. Martin got to the top of the world's busiest currency market through its 1981 merger with Bierbaum, the leading West German broker, Dollar-DM trades account for over two-thirds of the 50 trillion (million million) doilars that change hands each year in foreign exchange, and a good chunk of that passes over R. P. Martin's technology-crammed desks.

But despite this enviable market share, Martin is widely viewed in the broking business as a company in trouble. Rumours of a split with Bierhaum are current in the gossipy trading rooms, fuelled by the dramatic resignation last year of Michaet Phelan, the chief executive in London who put the merger together, and there is talk of massive rows with the Germans. Earnings have been patchy. And invidious comparisons are constantly drawn with Martin's much more visible and glariourous compatitors, Exco and Mercantile House, whose darine tactics and acquisitive appetite make it look timid, even dull.

"We are not Exco and Mercantile House, and we don't intend to he," says David McWilliam, the oew managing director appointed only four months ago to give the company a fresh impetus and fill, after an extended hiatus, the gap left

A quiet, well-groomed former naval officer, be could hardly stand out more in the barrow boy atmosphere of the dealing rooms. But he has 20 years of City experience behind him in broking, the discount market. treasury management and most recently as head of the inter-national division of MasterCard International. He comes with the reputation, as a former col-league puts it, of heing "very hright."

McWilliam's problem is only too plain: Martin's business is over 90 per cent foreign exchange and money broking, which is fine when the markets are busy and commissions keep rolling in, but not so great when they are slack. Brokers have huge fixed costs: Martin's com-munications costs alone run to



Lessening the risk in a risky business

R. P. Martin is strong as a money and foreign exchange broker, but little else. David Lascelles reports on its plans to diversify

On top of that, the explosive growth in money markets of the 1970s is over, competition is intense, and the big inter-national banks constantly national banks constantly threaten to cut brokers out of deals they feel they can easily do themselves. About half the world foreign exchange turn-over goes through brokers rather than directly between hanks, but opinions differ widely as to whether that sbare is set to rise or fall.

The slump in Martin's share price has also made it vulnerahle to takeover; its market capitalisatioo, which once stood at over £40m is now down to £26m which means, among other things, that it missed the opportunity to cash in on a strong sbare price to finance expansion like its big rivals, though Martin's stock is now up from its lows.

But even if Martin was big for our enough to emulata Exco and new customercantila House, McWilliam services."

does not see it becoming e financial supermarket by buying up other husinesses like stockbrokers or discount bouses, or even moving into trading as a principal rather than an agent.

"That's not bow people shop," be says. "They go to different institutions for different services." He argues that the recent weakness in Mercantile House's share price reflects growing sharebolder disenchantment with the notion of financial conglomerates and the regular dilution of stock through paper-financed takeovers. Martin's own share price, he claims, has begun to streng-then because comparisons look more favourable.

analogy of onion skins; he wants to build up new busi-nesses round e well-established core. "We want new services for our existing customers and new customers for our existing

Instead. McWilliam uses the

The ventures he is looking at include dealing in currency options, barter trading lespecially with cash-strapped Third World countries), manu-facturing and supplying tele communications and trading room equipment, and possibly setting up a clearing house for information about available ex-

port finance. If he takes the plunge, it will be mainly hy starting up Martin's own companies rather than through acquisition, "You buy e lot of goodwill when you buy a service company, and if you're not careful it can walk straight out of the door," he says. But he does not rule out acquisition if the right opportunity turns up.

Modest goals, possibly, in a business that trades on the dramatic and glamorous, but McWilliam expects that Martin's dependence on non-broking sources will rise substantially in the years ahead.

But sensitivities are involved. One reason for Phelan's de-parture, it is believed, ia that he clashed with the Bierbaum people over diversification plans and how they should be fin-anced. The German end, headed by Endres who is executive vice chairman of tha group, owns 45 per cent of Martin stock which it votes through a German Voting Trust. gives Bierbaum effective control over the whole company which it presumably does not wish to see diluted more than absolutely necessary. The re-maining stock is owned 9.5 per ceot by Touche Remnant, 10.5 per cent by the Merchant Navy Officers Pension Fund and the rest by smaller sbare-

Endres, a former trader with Endres, a former trader with striking goloen hair and beard, proclaims himself enthusiastic about the tie-up and, like McWilliam, denies all talk of a rift. "We are a united group and we completely support what David is trying to do. That is why we hired him."

His task is to develop the broking side of the business where he still sees scope for growth despite the pressures. He believes Martin must be-He believes Martin must become stronger in currencles other than the DM, specialty the yen, now the fastest-growing market. But that means getting a foothold in Tokyo which can only be accomplished by forging an altiance with a Japanese firm because of the curbs on foreign entry. Martin bas been talking for some time with Japanese brokers but, aays Endres, "it moves slowly."

He also wants to beef up

He also wants to beef up Martin's share of the sterling market, one of its weak areas, market, one of its weak areas, and build up deposit broking, which is less hectic than foreign exchange and where market share may be easier to win, He also sees potential in trading Scandinavian currencies end the ECJ. All this could mean averaging down the very high rates of return Bierbaum earns on its German business, but in the interests of longer term

growth.

The key question all brokers will have to address soon, though, is whether to make the leap into dealing directly with corporations, insteed of through hanks who jealously guard their role as intermediaries.

This is already bappening to some extent in the U.S. But in

some extent in the U.S. But in Europe brokers bave been wary of making the break for fear of upsetting banks and losing their business. "Banks are very sensitive ebout their relationships." Care Mr. Values. "But ships," says Mr Endres. "But I believe pressure for change will come from the companies themselves in the end." When it does, of course, it will bring a string of new customers for all brokers.

Long range research

Collaboration is the key

David Fishlock talks to Eduard Pannenborg, an EEC special advisor

co-operate with people you don't like. You can't in research. You so far. can only be done on the hasis of deep mutual respect between That is the conviction of

Dr A. E. (Eduard) Pannenborg, the genial Dutch physicist who has just retired from the management board of Philips, the electronics and domestic appliances manufacturer, after 30 years spent in sbaping its technical strategy and forging bonds between research scientists. As a small boy be dreamt of being a mayor. Instead, at 62, he becomes chairman of the supervisory board of the largest of Philips' operating companies. In the Nether-lands, with 63,000 employees; and an honorary professor in research management at Delft University, his alma mater.

In Pannenborg's past year as vice-president and vice-chair-man of the board. Philips spent £770m on research and development, 7.3 per cent of sales. Now he moves on to become special adviser on information technology to Viscount Davignon at the EEC.

Pannenborg has been e prime mover in the founding of Esprit, the European Strategic Programme of Research in Information Technology. This is an EEC-backed collaboration in "pre-competitive" or very long range research between a dozen competing European electronics groups, including Philips, in the science behind tomorrow's technologies for making semiconductor chips.

With Siemens, also an Esprit collaborator, Philips is launching another pre-competitive research partnership. This is into speech recognition, a long-term goal of information technology which Pannenborg helleves will benefit from a common attack. benefit from a common attack in different languages. A few other partnerships of this kind ere brewing, he says.

EEC officials bave turned repeatedly to Philips for the conceptual basis of Esprit, he claims. He believes that Philips is still the only truly European electronics group, with its technical and manufacturing effort dispersed widely throughout Europe. Its technical strength is reflected in its having been given project leadership in five

Pannenborg began to learn the harsh lessons of research collaboration as a research physicist of 33. He had fought the Germans as a Britisb officer and then taken his PhD before joining Philips in 1952. In 1955 he was asked to set up a Philips research laboratory at Aachen in West Germany, as a new step in a systematic pro-cess of internationalising

cess of internationalising Philips' research.
Ha admits that he agonised over the decision. "But by seying no you do no-one any good."
Life in German society proved far from easy. It was five years before be began to feel at home in post-war Germany.

"A basic characteristic of A hasic characteristic of

development is that people agree beforehand what is to be done," Pannenborg says. You done," Pannenborg says. You can apportion resources, set schedules organise it "on hard lines." You don't have to like your collaborators in a development project.

Unanswered questions

A research programme, by contrast, can only be defined in qualitative terms and is much more difficult to apportion, and is never easy to carry out to fixed timescales because of all the unanswered questions.

Pannenborg has learned during his years with Philips that it takes a full generation to overcome cultural, languaga and other harriers in Europe to the point "where you are able to work with a colleague from another country as smoothly as you do with your own country-

The company must have the patience to wait for the aecond and even the third generation of research directors before laboratories will collaborate effectively across national

EDITED BY ALAN CANE

'IN DEVELOPMENT you can Esprit programmes, of a total of twice as far away, got off to e coperate with people you don't ten in which it is participating flying start in the late-1970s ke. You can't in research. You so far. mail and time-shared computers to ahorten the lines of com-munication.

But he has been thwarted by Japan. Japan is a different problem, he says. Philips has no research centre there, "though I'd love to." But the company has no manufacturing hase in Japan either and he sees this as a prerequisite of successful industrial research in iny country.

Moreover, the academic com-munity in Japan is every bit as insular as the Oxbridge community in Britain—" closed as e shell, damned difficult to break into."

Pannenborg believes strongly that in Europe the goal must be to regain the consensus—lost by the lete-1960s—that European nations should collaborate as an industrial community; the consensus that sees its competition on other continents. Europe

on other continents. Europe needs urgently to start behaving like a continent, he says.

"Tn my mind Esprit is first and foremost an exercise in international co-operation with-in the Common Market area. and monetary assistance to industry is only secondary." Nonetheless, even Philips, with its "unusual record of much emphasis on long-term re-search," has tended to neglect truly long-term research a little under the pressure of economic necessity, he says.

Pannenborg put forward his views of the underlying importance and urgency of technical co-operation in Europe in a paper commissioned by the European Industrial Research Managers Association, a club of executives from Europe's lead-

ing science-based companies.

He warned of the dangers with fast-changing technologies of finding you have R and D located in a country which no longer represents the most advanced demand. Philips Itself and found this in the case of had found this in the case of West Germany and office compnters, he admitted,

boundaries.

Even the U.S. laboratory—
where language was not a
barrier—took until the early
1970s to integrate fully into
philips research, Distance was
part of the problem, Pannenborg believes. But a second
U.S. laboratory in California,

TECHNOLOGY

ARGE SCALE BUILDING DESIGN PROJECT WILL RELY ON ELECTRONIC AIDS

Architects succumb to computer plots

BY ALASTAIR GUILD

ARCHITECTS will not now he given larger scale projects, in many cases unless they possess computer aided draughting (CAD). The latest figures on computer use by architects suggest that this is now a far greater option for clients than it was in 1980. Then, only a handful of CAD systems were in use by architects. Now there is at least a 10 fold increase.

Most architecta with computers use them for word pro-cessing, accounting and cost planning. As might have been expected, it is those practices with 52 or more members of staff which have invested most heavily in CAD. But the picture is changing.

"Most of those practices thinking of investing in £100,000 CAD systems have already done so," saya Mr Ian Hamilton of the Construction Industry Computing Associarion. "System vendors now feel that the new uniapped market is for draughting systems cost-ing around £50,000.

"liowever, there is still a danger that architects may get the wrong impression — that in some way, for £2,000 or £3,000 spent on a good microcomputer they are buying a draughting system comparable with more expensive equip-

ment."
One of the most distractive characteristics of the more expensive CAD system is the size of its database. Without this large database, CAD systems could not have the impact that they are already harries on the ways exhibits. having on the way architects work, particularly within large, multi-disciplinary practices. "The database," explains Mr Hamilton. "can be thought of as the mathematical 'model' in which the computer stores its own representation of the graphical and other information that is provided by the tradi-

A great deal of design time can be lost using conventional methods as proposals are passed to and fro between the architec!s and the other specialist office.

line drawings to be extracted separate locations. Each data transfer, and to ence from the architect's general member can now have their compatability of systems.

arrangement drawings. If the drawings of all members of the team are based on the same base data, then the computer can incorporate any changes made to these outline drawings into the general arrangement drawings.

Different firms of consultants, architects and structural engl-neers working on the same project, for example, may also exchange data by way of magnetic tape. Providing they use the same draughting system, any changes may be incor-porated onto the base drawings beld on the magnetic disc.

Scott, Brownrigg and Turner are the architects for the new Terminal 4 building et Heath-row. The firm invested initially in a draughting system to ease the resulting workload. "Once you have to look at drawings over a long lifespan," explains SBT's Mr Chris Blow, "then it is worth loading CAD drawings into the central processor. This has helped us to keep track of alterations to thousands of drawings.

"Accurate setting out of roads and aircraft taxiways and aprons contributed to the multi-disciplinary use of our drawings. Tailor-made plots were supplied to mechanical engineers for the addition of duct-work layouts, for example."

The number of systems used

The number of systems used in the construction industry which can actually "talk" to each other is at present limited. As they increase, so, it is pre-dicted, will the number of computers and the integration of different design disciplines.

Some of the larger practices, such as YRM, are considering renting their own terminals to other consultants working with them on larga projects. This should encourage greater stan-dardisation of software and

Impetus may also come, for example, from the greater availability of networks, enabling clusters of workstations in one office to exchange information with workstations in another

Mr John Landsdown, chairmembers of the design team.

With drawings held by the computer as numerical models, rather than graphical representations, each profession can extract selectively and operate on Information created as a firawing by another member of the huilding team.

Building services engineers and structural engineers, for example, that man of Systems Simulation Ltd and a senior research fellow at the Design Research Department, Royal College of Arts sees the Local Aree Network (LAN) as providing the facility "that the ploneers of CAD dreamed of: that all members of a particular design team would work first to speak with one voice about its software needs, to system even if they were in adopt common standards for

own machines and these can be interconnected in a way which grams and data."

Computers bave the potential also to encourage huilding users to become more involved at an early stage of building design. The ABACUS unit at Strathclyde University used a com-puter-based design aid, PAR-TIAL, for example, to belp nursery school teachers to evaluate the layouts of a range of designs for a new school, with the computer providing feedback on cost and perform-

"The computer," says Pro-fessor Tom Maver of Strath-cinde University, "can give a much greater understanding of drawings, and the implications of designs for energy consump-tion, for instance. Value judg-ments about a design at a public inquiry will in future be based on the hest objective evidence available."

ABACUS is producing a courtyard design for a French archi-tectural practice. By specifying the day, time and location, it the day, time and location, it is a simple calculation to work out where the sun would be. The program can then cast ahadows on the computer viaualisation as they would appear when tha courtyard is complete, helping the architect to decide on the most efficient orientation for windows, for example.

The designer is now able

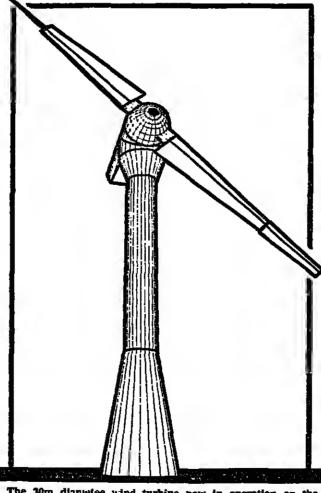
The designer is now able to "walk around" a three-dimensional representation of the building, looking at it from different beights and angles helping in the assessment of the likely environmental impact of a huilding once complete.

Many of the developments in

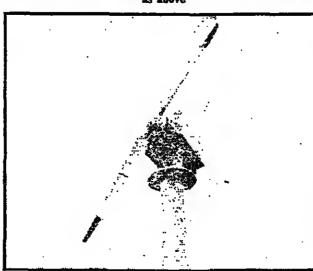
the application of computers seem to lead in the direction of a more integrated approach to the building process. "The husi-ness of baving the designer separate from the constructor becomes more and more ridiculous," says Mr Landsdown. " As more people want to share computing facilities, then computer aided construction ought to be

The computer can eutomatically ensure, for example, that

example, may only require out- system even if they were in adopt common standards for Each data transfer, and to encourage



The 30m diameter wind turbine now in operation on the Orkneys (below) was conceived by computer aided design



WASTE CONTROL

Plastics recycling

BY JOOST VAN KASTEREN

STEADY INCREASES in plastic consumption will provide an incentive to recycle more plastic waste. Though there are several established recycling methods, new techniques are emerging for plastics waste in separation, remelting, pyrolysis and the manufacture of a refuse derived fuel.

month, emphasised the need to month, emphasised the need to recover waste plastics. He said that landfill site for waste dumping was no longer economic or socially acceptable. Today only 20 per cent of plastic is recycled but this

could be as high as 40 per cent by the end of the decade. World consumption is about 50m tonnes a year with apecial and eogineering materiala growing in importance. Western Europe uses 18m tonnes annually of which two thirds are thermoplastics such as polyetheylenes, polypropylenes, polybutene, polystyren and polyvinylchloride.

Polycondensed plastics like

Polycondensed plastica like nylons, polyesters and polyure-thanes can chemically he recycled. Through hydrolysis, the polymer is split into its different building blocks. Growth in the use of foam from polyurethane urges chemical ing in ways of recycling when remelting is not possible. One of these ways is to pulverise the tones foam and treat this with water at high temperatures as Is done by Bayer AG in West Germany.

A dogma in the world of re-cycling of plastics is the aver-the sion to burn it, says Mr Blom, fuel,

derived fuel.

Mr Leendert Blom, e board member of the Dutch Plastics Federation, speaking at e world conference on materials reconference on materi can be used in an industrial fur-

this process.
With such a variety of plastics produced, recycling with mixtures of materials can give a poor quality product. Some companies such as the Dutch Lankhorst converts hy remelting industrial plastic waste into fencing poles and highway re-flector signs. These products are 15 per cent more expensive than their wooden counterparts, but do not rot.

Before more sophisticated technology can be applied, plastic waste has to be physically separated. Some public collection schemes exist in Enrope.
Several domestic wastes bave
caused such problems that
some pilot projects have heen ebandoned or undergona drastic changes. For example, VAM, a Dutch refuse company, found it difficult to separate plastic from the light fraction, such a paper, in waste. It is rebuild-ing in installation. In Vienna, a different plant capable of handling 18,017 tones annually was recently

ESMIL in the Netherlands has Ahout 90 per cent of the constituents is recovered.

A dogma in the world of recycling of plastics is the avertice. huilt a separation plant which

MOTOR ENGINES Improved petrol combustion

TOYOTA HAS developed a lean to give swirl in the cylin-combustion technique for petrol der for better combustion. engines and is already using it In production models of the 1.6 ttre Carina for the Jepanese vious attempts to reduce ex-

A helical injection port is used in poor fuel economy.

The company says that pre-

home market.

Completeness of combustion ing of the mixture beyond ebout is measured using a new design 15:1 bave failed because, at of ceramic sensor in the ex- ratios lean enough to be effec-haust manifold. The sensor tive, combustion became unhaust manifold. The sensor tive, combustion became unsends its information to a computer which in turn controls a high performance electronic says the company, in which a ignition system and independent catalyctic converter gets rid of the linjection for each cylinder. A helical injection port is used.



Electricity Electronics

meters THE DEPARTMENT Energy has approved the design of a Thorn-EMI Dynatel microprocessor based counter which is attached to conventional electricity meters. The unit has been developed to allow the electricity ntilities to offer consumers a wider range of tariffs. 727

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Utility in the

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With this electronic unit, there is more flexibility because it is easier to program the necessary tariff band requested by the user.

The counter can show the number of units of electricity

consumed in up to nine tariff bands, as well as the total unit used. It is linked to the eredit meter by an optoclec-

tronic transmitter.

The unit's memory can store up to one year's data on electricity consumption. More details from the company in Treorchy. Mid Glamorgan on 0443 435273.

Communications

Litor control

A PAIR of devices which can be attached to each end of a telephone line used for data transmission and which pro-mises error-free information flow has been launched by Motorola Information Systems, a recently formed Motorola company, in the UK.

These error control units,

as Motoroia calls them, are a as motoring calls them, are a variation on the automatic retransmission on error (ARQ) theme. A copy of the data sent is held at the transmitting end in the buffer memory. Blocks of data which have not been received correctly — a checking package is sent with each data unit - within a certain time

are transmitted until the data is successfully received.

The units, which cost £395, are intended for systems where there is no internal ARO facility: IBM, ICL, DEC, Wang and other equipment can be attached. ment can be attached.

THE ARTS

Korean music/Albert Hall

Andrew Clements

AN EVENING of non-Western music has happilly become a regular feature of the Proms season during the Ponsonby

HELLTOPHED.

the ke

era.
There have been two all night concerts of North Indian music and a visit from a Gamelan ensemble in the last three years, and on Saturday, after the Philharmonia Orchestra bad departed, the stage was cleared for Yullyo Akhoe, a group of three dancers and eight multi-talented musicians the National Classical Music Institute in Seoul, Korea. Korean music is customarily divided nowadays into court and folk music, though each of those categories has its own sub-divisions. The Yullyo music society presented a programme that surveyed as many aspects of its repertory as could be included in 90 minutes, much of it illuminated by a succession of eye-catching costumes and the elegant trio of dancers. The style of the music inevitably shows some influence from lta neighbour Chiua, but equally it retains a very individual and astringent character that is entirely its own. It has, too, a very characteristic sound world with a wide array of instruments, most notably a pair of zithers with six and 12 strings respectively, a suhtly coloured band of tuned and untuned percussion hamboo flutes and double-reed woodwind, especially an extra-nrdinarily piercing aboe with a metal bell, which lent a blood-curdling edge to the military march with which the pro-

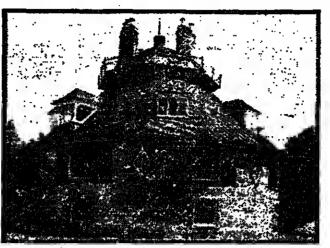


Lee Kyo Joo

in triple time. Yet any sense of repetition is countered by the wide range of ornament and inflextion that is added by the performers, giving the results an elasticity of pltch and rhythm that makes transcription into Western notation very difficult. What also is difficult to convey, is the sheer physical weight that much of it carries, particularly the wild partially improvised pieces whose origins are to be found in religious ritual. In these instrumental solos for the bamboo flute and A great deal of the music is the zither provided cool conpentatonic, much of it also is trast.

Architecture/Colin Amery

Designing women



A-la-Ronde, Exmouth, an early essay in female design.

the role of women in the design sensitive than men-it is just process. I felt then, and I feel now, that architecture is far too important to be left to men.

What are the gifts that women could bring to architec-ture? First of all, immense practicality; an understanding of how people feel using certain kinds of places. Secondly, in their very female nature, a profound sense of comfort. Home-making is not to be despised in men or women and in the future I am certain that both men and many women will be spending much more time in the home. Women should not despise

that some are more caring than others in both sexes. Designing buildings should be a shared task between men and women. office I am very conscious of the

tarial role or work in the library or take on the public relations.

something that no woman would allow to continue. The women architects should have the jobs in the profession. There would improving housing conditions, with making life more tolerable for the mother and child, with a spread of domestic values in the pointlessly differentiated worlds of work and bome.

This exhibition is also in many ways pathetic. It should not be worrying about charting the slow development of the woman's role in designing buildings. It should have been a cride cover for an equal share cri de coeur for an equal share of the designers' cake. Of course, it is interesting to see that Lady W. X. Y or Z had a role in this or that country house but much more to the point is the role of the reforming 19th century women who wanted to use their influence to improve the lot of the poor and develop the public welfare

sector. Octavia Rill, Elizabeth Denby, Judith Ledeboer show in their carers that health and hygiene reforms led to further improve-ments in design and paved the way for women to become designers themselves.

Some men are arroganet enough to think that women cannot be artists as builders. Well the very first house by Jane and Mary Parminter, a-la-Ronde in Exmouth (1795) with subservient role played by its gloriously inventive interiors women. The presence of a disproves that assertion. It is woman partner is extremely a design of real genius. Where rare an dmost of the female women architects prove a distaff are confined to the secre-appointment is when they design as hadly as the most arrogant

or take on the public relations.
It is amazing that women put
up with it. What a difference
they could make to the hellish
class-consciousness of the average building site.

The cruel differences between those who build in all
Portland Place. The architectural
trail profession needs you and years ago that I made a speech women should not despise age building site.

The cruel differences besolos rather than lurking in which I suggested that the very hasis of our lives. I have tween those who build in all Portland Place. The architecture of the architectual profession depended on increasing women are more caring and about in their slick offices is the need is urgent.

Opening of the Proms

Max Loppert

The Albert Hall treated audiences at the opening concerts of the 90th Prom season to its usual warm embrace, slightly heavy-handed as ever (one forgeta how many varieties of offstage disturbances can be here demonstrated during quiet music, or how indifferent hall staff appear to he to flash photographers) yet simultaneously gladdening to experience. Something wholly ungladdening, bowever, has hefailen its colour scheme: to the plum and colour scheme: to the plum and colour scheme: crimson of walls and seats there haa been added a hideously jarring new complement of butterscotch platform curtains and panels, and an organ lighting scheme in hilious yellow and peacock blue. Perhaps it was all designed to make television Prommers feel at home—cameras were active at both Friday's and Sagurday's orthestral day's and Saturday's orchestral concerts—but for their live equivalent it risks sustained

eyesore. These first two concerts were devoted entirely to English music of this century — Elgar, Walton. Holst, mostly in their most popular and crowd-pleasing vein, with only Vaughan Williams' London Symphony to provide the longest-lasting exception to that rule. No harm in that; works like Betshozzor's Feast and The Plonets always come into their own in this grandly sonorous space, and when performed, as here, with grandly controlled enthusiasm untainted by the least hint of Festival Hall routine, tingle to such fresh life that complaints about the obviousness of their

selection wither away.
Friday's concert, by the BBC Symphony under John Pritchard, was redeemed from John every kind of routine by being a rare instance of a concern-hall event for which Sir John had roused himself to the form of which he is capable (and

which he so seldom displays).
The performances of the
London Symphony and the Elgar Sea Pictures (in which Janet Baker achieved marvels of delicacy with reduced vocal means) were heautifully of defleacy with reduced vocal means) were heautifully natural in their gail, their flow of paragraph, their characterisation. Not a false step was taken, not an accent forced or slighted, and in the Vaughan Williams the soft playing was of a quality to make the whole work seem less republing than work seem less rambling than usual. Belshazzar's Feast, with a huge choir combining BBC and LPO forces, had the same feeling of unhurried control, with the proper virtuosity to complete it — the J. Arthur Rank side of Walton's spectacle was brought off with disarming flair. Stephen Roberts, a mannered, lightweight solo haritone, was the nearest approach to a weakness.

Saturday's provision of Walton and Holst was supplied by the Philharmonia under Bernard Haltink, whose slow but persistent survey of 20th century English composers is one of the things for which one so much admires him, in the best way, his reading of The Plonets. orchestrally brilliant, was "international." As a Debussy conductor with few rivals Haitink is ideally placed to float a radiantly distant "Neptune"; and it is surely to his credit that be was unable to make a full roast-beef meal out of the middle section of "Jupiter, the Bringer of Jollity." Walton's Crown Imperiol had opened the concert, striking Walton's hest public manner; but the Violin Concerto, which followed, and which was given (despite racy accompaniment) with note-perfect duliness by Salvatore Accardo, seemed to strike no manner at all except the

cleverly calculating synthetic.

Book review

Clement Crisp Men Dancing, published by téges, Massine, Dolin, Lifar, But Weldenfeld and Nicolson at it is really only during the past £15, is a tribute both to the two decades, coincidental with

Gosling as critic and commenta-tor on dance. As the pseudouy-mous Alexander Bland of The Observer ba provided with his wife, the illustrious Rambert dancer Mauda Lloyd, weekly criticism wherein elegance and generosity of spirit were consideration of the greatest significantly, also bis paper's Art critic). His book about male dancing was in preparation during his last illness and it during his last illness and it had been completed with some extra material by my distin-guished colleague, John Per-cival. There results an illuminating collection of essays and portrait-studies that chart the re-emergence of the male as a vital and often dominant figure in today's theatre dance after a century and a half when men bad been largely consigned to mime roles or a dim function as fetcher and carrier of bal-

lerinas. The decline in male dancing dates from the emergence of the Romantic ballerina in the 1830s when a flight from any sort of reality or sexual equality on stage was sparked off by the concentration on point work for the ballerina and idlot libretti

weidenfeld and Nicolson at it is really only during the past 15.5 is a tribute both to the two decades, coincidental with male dancer in the Western theatrical tradition and to the qualities of the late Nigel gosting as critic and comments. that male dancing has again acquired the general prestige it knew in the seventcenth and eighteenth centuries.

matched by sharpness of visual dancers of our century, from perception. (Nigel Gosling was, Nijinsky to Baryshnikov, and i Nijinsky to Baryshnikov, and it includes the dancer who is arguably the most influential of them alt and certainly one of the most sifted: Fred Astaire. Uniquely, too, his genius—for it is genius—will remain secure for nosterily in the medium for which it was conceived: no other great dancer can know this sort of

immortality.

Accompanying the text is an extensive and well-chosen col-lection of photographs, excellently reproduced in a volume whose design is airy, hright in definition. The pages are as appealing to the eye as the text

transfers Alan Bennett's comedy, Forty years on, which received excel-lent notices in Chichester where

Jeffrey Tate/Barbican Hall

Domlnic Gill

already heen a notable feature Bishop-Kovaccvice was spiritu-of two English Chamber ally an unequal partnership. Orcbestra seasons, but heis con-Bishop's first movement was cert with the LSO on Saturday marked his debut in a full-length programme with a major symphony orchestra. It was an exhibarating occasion. The evening was all Beethoven: and Tate's account of the seventh symphony in particular confirmed all our expectations that he might prove to be a Beethovenian of quite exceptional stature.

vites the parallel, and bis open, direct and unfussy, but metianything; the important vivace repeat observed; the whole movement wound, but without the least trace of frenzy, on a dark, relentless spring.

Norwest

Mary Towns

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meter

Figure

There was a wonderful sense of unalterable, onward-flowing pulse to the allegretto—the clarity and naturalness of the notes—and really no more than a blurred sketch of the firmly underpinned as they are, whole effect of the piece, whose There was a wonderful sense of unalterable, onward-flowing pulse to the allegretto—the clarity and naturalness of the notes—and really no more than a blurred sketch of the firmly underpinned as they are, make them particularly easy to follow. Tha scherzo was driven in a hard glare of sunlight, and whose texture is feverishly hright and sharply drawn. The spring, ase well as unflagging to consequence of the piece, whose difference of the piece, whose dramatic pacing, on paper, bas a brilliant, steely precision, in a hard glare of sunlight, and whose texture is feverishly busy but never clotted (the spring, ase well as unflagging to complex figurations. Chekhov's play is very long, untidy and in many respects unsatisfactory. Academics, and in many respects unsatisfactory. Academics, Frayn has gently pointed out, regard it as unstageworthy. He owns up to disposing of subplots and minor characters. But his modesty prevents him admitting what we now know: the has made virtue of the play's outlandish properties. Dound too cogent to be confusing). It farcical pay-offs into both opens his mede for him, saunters (Abigal McKern)

Chekhov's play is very long, untidy and in many respects causally into view, the prospect of amorous chaos is never far away.

Platonov is always described as a mixture of Byron, Hamlet taneously at a loss to explain admitting what we now know: McKellen's Platonov has an incurable habit of upsetting and admitting what we now know: McKellen's Platonov has an incurable habit of upsetting and atmitting what we now know: McKellen's Platonov has an incurable habit of upsetting and atmitting what we now know: McKellen's Platonov has an incurable habit of upsetting and atmitting what we now know: McKellen's Platonov has an incurable habit of upsetting and atmitting what we now know: McKellen's Platonov has an incurable habit of upsetting and atmitting what we now know: McKellen's Platonov has an incurable habit of upsetting and atmitting what we now know: McKellen's Platonov has an incurable habit of u

Jeffrey Tate's conducting has plano concerto with Stephen nervous and seriously over-pedalled. He pushed the music forward generally with the hright, sparkling efficiency of a Czerny study, relaxing more genially in the andante—but genially in the andante—but clouding even that with careless phrasing. Tate proved an exemplary accompanist, pulling back Bishop's over-hasty tempos wherever he could—an orchestral contribution to tha fourth concerns for once more The evening's most insistent fourth concerto for once more finely nuanced than the solo part. The LSO have not had a section as honest, effective and exciting as this

direct and unfussy, but meticulously detailed, working of every paga of the music consert the previous evening in the Guildhall Old Library showed once again just bow essential it is that a critic should see the score of a new work before describing its prehad an unmistakable Klemperer stamp: a slow, powerful momentum to the poco sostematio—the only speed at which the ghostly wind sforzandi A City of London Festival stamp: a slow, powerful Harrison Birtwistle's Still Movementum to the poco sostemuto—the only speed at which the ghostly wind sforzandi which accompany the rising string scales actually mean string scales actually mean anything; the important vivace whole the Polisb Chamber Orchestra under Jerzy Maksymiuk—at their best no virtuoso band, but here aimost wholly at sea in

the stepson of Voynitzev's widow, Anna Petrovna, who presides over the revels as, according to the local doctor

or to do with building herself great country houses, or Sarah, Duchess of Mariborough, making life difficult for Vanhrugh as he struggled to make Baroque Blenheim habitable. But women who have actually designed memorable edifices in the past are practically non-existent. existent. That is why the exhibition Women Architects — Their Work is such an important event. (It is at the Royal Instirote of British Architects, 66 Portland Place, London, W.1. until August 10, open Monday

Think of the name of a

woman architect. It is quite hard. You might just recall Bess of Hardwick, who had a lot to do with building herself

to Friday 10 am to 5 pm). Today there are only 1,800 women architects registered in the UK, while there are almost that women have suffered from a degree of prejudice from the profession. Male architects have a tendency to close ranks and make out that the mathematics of structures is far too difficult for a mere woman. If women did succeed in breaking the harriers of prejudice in the past, they had to be content to work in the domestic sector

Surprisingly, late in the day a group of architects have decided to investigate the past role of women designers and look at the present position of women within the profession. The exhibition is the fruit of their labours and it is rewarding and fascinating. I do not quite understand why women today want to see themselves as Making Amazonian warriors in the say men Amazonian warriors in the sex war; men see them as equal partners and would welcome many, many more of them in the profession. It is to five years ago that I made a speech at the RIBA conference in Hull in which I wagested that the

Chekhov's first play, or rather

the surviving draft of bis first play, is generally known here as Platonov (under which title it was produced at the Royal Court with Rex Harrison in 1960), but it is, in fact untitled.

Michael Frayn takes his cue from the summertime sensuality of the farcical events on the Voynitzev country estate and,

as he explains in his modest but authoritative introduction to the

published version (Methuen, £2.95), rejects the hero's name in favour of a reference to "this boneymoon mouth, a month of wild honey."

The newlyweds are Sofya and

Wild Honey/Lyttelton

Michael Coveney



The play's true free spirit: Anna Petroyna played by Charlotte Cornwell.

Triletzky, ber little court assem channeling money his way, the surly horsethief Osip (the excellent Roger Lloyd Pack) who skulks around the perimeter, and an Imperial lackey (Anthony Douse) who served at Sebastapol but who now calls round with either invitations or Chekhov's play is very long,

energy and impetus: the pace is essentially no more than a writing and stage action, alter-capable of modifying his wasn't fast, but the movement fragment: but even so drably all the same left me breathless. played, it whets the appetite as the manner of Platonov's people's feelings as he is of death, and presented a tight, tempering his sexual impulses. interval of Beethoven's fourth it prefigures.

We begin in the forest of ticular spell and depth of the realistic silver birches and comedy comes in part from the clumps of rushes that designer fact that everyone knows quite

John Gunter must have been a lot ahout each other.
Stein's Summerfolk. It is a magical setting, with a stained statue and a hefty segment of a verandah where the paint is peeling conveying the run-down fortunes of the household. But there are lanterns and fireworks, too. And when Ian McKellen as Platonov, the schoolmaster who failed to live up to the predictions made for him, saunters casually into view, the prospect of amorous chaos is never far away.

Platonov is always described reach that everyone knows dute and the cach other.

Not necessarily, though, about each other's activities.

Platonov is toying with the affections of four women; his loyal, plump little wife (Heather Tobias), the child-hood sweetheart Sofya (Elizabeth Garvie) whose first question is "Why haven't you done better?" and the little child-hood sweetheart Grekova (Abigail McKern)

What McKellen brilliantly combines is this sense of someone fully awara of how deeply he hurts people but simul-John Gunter must have been a lot about each other.

The translation seems to me to manage an exact halance your revolver—can't you keep between ludicrous moralising your hands on anything?" Good-(questions of Life and Death, hye Ptatonov. Welcome and where are we going and so on, hello to Wild Honey.

four heautifully organised acts centre of all attention in this are played for rich laughter), that casts equal credit on circumscribed holiday milieu. Physical explosion and that Cbekhov and his adaptor.

As in the later plays, the parfamiliar Cbekhovian tapestry of misunderstaodings, sudden tears and stifled hopes. For the first two acts Christopher Morahan's superb production offers a though, familiar new play. activities. Then the particular tone of

this piece is turned to amazingly fertile advantage by Frayn. We do indeed have a real railway line, and a train. But the jejune Incidents on and around the railway line are concentrated into fresh minted farce by an expert hand. What he could not achieve in

Noises Off—a coherent climax worthy of the middle act— Frayn here brings off in dazzling fashion, with Platonov besieged in his summer house as he slumps into postures of alcoholic melancholy and suicidal guilt. Anna Petrovna, whom Charlotte Cornwell conwhom Charlotte Coulines to the play's true free spirit, delivers a knock-out line to Sofya's husband: "Your estate, your wife.

"Forty Years On"

the batterina and idlot libretii lent notices in Chichester where which stressed the most fantastic and improbable identity for the female dancer.

The rot was hatted by the arrival of the Diaghilev Russian Ballet with the power of such artists as Bolm and Nijinsky, and by Diaghilev's subsequent eagerness to star his young pro-

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all tha Arts appears each Friday.

Music

VIENNA

Stuttgart Philharmonic Orchestra conducted by Hans Zanotelli. Wagner and Beethoven (Tue); conducted by Janos Kulka with Hiro Kurosaki, violin, Uhl and Brahms (Thur). City Hall Areade Court. (42800).

Gottwaldov Chamber Orchestra: Handel, Bach, Mozart and Hindemith.
Schönbrunn Palace (Wed).

Fer Arte Duet: Raimund Trinmel, cello, and Alfred Wittenberger, guitar.
Rach, Handel and Villa-Lobos.
(Thur). Bosendorfer Saal, Grafstar-

nberg-Gasse 14. (656651). SALZBURG FESTIVAL

Macheth opens the festival. Conducted by Ricardo Chailly with Ghena Dimitrova, Margarita Lilowa, Piero Cappuccilli and Nicolai Ghiaurov, and the Vienna Philharmonic, the Vienna State Opera choir and the Sofia National Opera Choir. Large Festival Hall (Thur). (0662/42541).

(1693) presented in an integral concert version by Les Arts Florissants with Jill Februari In the title role and Gilles Ragon in the role of James. The concert lasting four hours, with additional with additional with additional with additional world premiere, Bliss and Durufle. and Gilles Ragon in the role of Ja-son. The concert, lasting four hours, begins at 6.30pm, with additional chances to enter at 7.35pm and 9.10pm (Mon). Salle Pleyel. Due Bouchard-Morisset, piano four hands: One hour with Schubert (6.30pm Tue), Townhall of the 5th arrondissement, 21 Place du

Paul Oldette Inte: English virginalists

- Dowland, Wilder, Byrd, Holborn
(Wed 6.30pm). Musee Carnavalet, 23

(Wed 6.30pm). Musee Carnavalet, 23 Rue Sevigne.
The Chilingirian Quartet: Haydn, Michel Philippot, Schubert (Thur 8.30pm). Saint-Severin Church, Metro Saint-Michel, All the above are part of the Paris Festival Estival (549 1483 Tue to Sat 10am till 7pm - 225 2255 Mon to Sat 11am till 7pm).
Paul Kneutz Choir and orchestra, Nicanor Zabaleta, harp: Handel, Boieldieu, Debussy, Vivaldi (Tue 9pm). Saint-Severin Church (633 8781).

LONDON

Chamber Orchestra of Europe con-ducted by Alexander Schneider with Tamas Vasary, piano. Dvorak, Schu-mann and Mozart. Barbican Hall (Mon). (236 2801). Noye's Fluide with City of London Sinfonia and soloists conducted by Richard Hickox. St. Andrew's Church, Holborn Circus. (Tue and Wed, 6.30pm and 8.30pm). (2362801)
Iona Brown, violin, Timothy Brown,
horn and Ian Brown, piano. Beethoven, Franck and Brahms. Ten

world premiere, Bliss and Durufle. Merchant Taylors Hall, Threadnee-dle Street. (236 2801). (Tue). on Bennett, flute and Marisa Ro-William Bennett flute and Marisa Ro-bles, harp, Baroque programme. Ten Trinity Square, EC3. (Wed).

Songmakers Almanac with RSC actor in Melodious Albion. The English poetic muse as inspiration to the great German-speaking song com-posers. Beltic Exchange, St. Mary Axe, EC3 (Wed). (2362801). London Sinfonietta with Felicity Palmer, mezzo-soprano. Beethoven, Schubert, Bach, Rossini and Mo-zart. Drapers Hall, Throgmorton Street, EC2. (Thur). (2382801).

NEW YORK

New York Philharmonic: Free open-air concerts in various New York city parks. Opens its 20th season with James DePreist conducting. Barber, Haydn, Tchaikovsky. Great Lawn, Central Park (Tue) & Crocheron Park, Queens (Wed). (877 2011).
New York Choral Society (Cami Hall):
Midway through the 24th Summer of Sings, Owen Gould conducts the West Village Chorale in a pro-gramme of Handel and Haydn (Tue) gramme of Handel and Haydn (Tue) while Harold Rosenbaum conducts the Canticulum Novum Singers in a programme of Mozart and Haydn (Thur). 57th & 7th Av (8730096).

CHICAGO

Ravinia Festival: Beaux Arts Trio, Isidore Coben, violin, Bernard Greenhouse cello, Menahem Pressler, piano. All Beethoven programmes (Mon. Tue): Chicago Symphooy. Kurt Masur conducting, Isola Jones mezzo-soprano, Werner Klemperer narrator. All-Beethoven programme (Thur) Highland Park (7284642).

BASE LENDING RATES

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News for businessmen in HELSINKI

The FINANCIAL TIMES is now available at Helsinki's leading kiosks - the same day it is published.

desses of British breakfast tele-

The most obvious effects have been the spread of workout and dance clothing to High
Streets up and down the comtry and the rush to build health

and dance studios. Pineapple's elegant Debbie Moore has made ber fortune from City in-

vestors who saw that a combina-tion of brains, skill and beauty could capitalise on what is almost certainly more than a

passing fancy.

vision are enormous.

FINANCIAL TIMES

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Monday July 23 1984

The battle for the miners

THE END of the dockers' strike is a welcome relief to the in the electricity supply that there Government, but it industry, greater freedom to does not alter in any fundamental way the batance of forces in the mining dispute. Mr Arthur Scargill, president of the National Union of Mineworkers, has always believed that the miners cao win the that the miners cao win the strike on their own. In his view, neither the defection of Nottingbamshire nor the lack of support from other unions. of support from other unions (in the steelworkers' case, active opposition) will shake the determination of the majority in the NUM to fight to the finish.

There is some evidence to support this view from the striking areas. While violence and intimidation are an important part of Mr Scargill's tactics, there is also the traditional loyalty to the NUM and a genuine resentment about pit closures. The clear determination of Mr lan MacGregor to apply hard commercial principles to the coal industry has probably sharpened the feeling of isolation and defensiveness in the mining villages.

Monopoly power

A similar set of attitudes has traditionally characterised the dockers, but in this industry changes in technology and in the pattern of freight movement, bringing rapid growth to ports with no tradition of military, has probably weakened union solidarity. Although the union was able to close the ancy, has probably weakened union solidarity. Although the union was able to close the industry down with remarkable speed, support for the action in ports like Dover and Felixstowe was lukewarm at most.

Two factors - monopoly power over an essential good or service and a sense of separate-ness from the rest of the community — have given the miners and the dockers both a great deal of industrial power and the will to use it. Any long-term term, to create in coal the sort of market conditions which exist in steel where, despite an over-dominant British Steel Corporation, customers are numerous NUM branches that Mr Scarand can switch quite easily to gill's intransigence is leading alternative suppliers. But a them nowhere.

EALTH IS definitely big

business. As beef sales tumble in much of the Western world, training shoes take over from sandals on the

feet of the energelic young and diet soft drinks push their way into the upper range of the bestsellers lists, manufacturers and retailers are starting to take the

health life-style very seriously.

launched a new range of norerich breakfast foods; bealth
ctubs and dance studios are
sprouting in urban centres and
making millionaires out of
sleek ex-models; even bread and
butter retailers like British
Home Stores and C & A are
regularly enjarging their
health-oriented clothing sections

"Our customers do not want to have just finished five sets with McEnroe or run five miles.

but they do want to look as if they have," says a BHS execu-

It may be full of success stories, but the health business is a confused one. The bran brigade and the weight con-

scious may overlap yet they are not necessarily identical markets—slimmers often use

chemical additives, like caffeine

and cyclamales, which are anathema to those who believe

salvation comes with pulses and

There is a general contradic-tion, too. While health food

shops mushroom, so do calorie rich fast food outlets. But by

and large there is a significant move towards people wanting

the marketplace. Today's trend-setting Sloane Ranger will have not a trace of polyester on her well-exercised figure. Her

mother's furs will stay firmly

in the cupboard and while her less well-heeled counterparts are sipping Tab and Diet Pepsi, she is drinking pure orange juice—and shunning sugar.

There is no question but that

There is no question but that the British are eating less overall. UK average calorific intake reached a peak in the early 1960s of nearly 3,200 calories a day. Two decades later it had dropped to less than 2,800. Fat consumption hit 87 grams a day in 1960s but dropped to \$1 in

In 1960s, but dropped to S1 in the early 1980s. Most fore-casters seem now to suggest

The change in Britain's eat-

ing habits makes daunting reading for farmers, food manu-

facturers and retailers who have to decide whether this is

wholewbeat flour.

tions.

Marks and Spencer has launched a new range of fibre-

that pit closures do cause social problems and that greater efforts coal mining areas with the rest of the community and that can come only through more varied job opportunities

As for the immediate pros-pects and the propaganda campaign that is now under way, the Government bas to reckon with a residue of public sympathy with the miners and their way of life, and perbaps with a feeling that Mr Scargill and Mr MacGregor are as obslinate as each other and are both lo blame for the present Monopoly power

A similar set of attitudes has As he lold his Yorkshire miners in 1975: "The capitalist society belongs in the dusthin action was much more information about contents than is required by law. Consumers want to know." belongs in the dustbin of bis-

tory."
Mrs Thatcher is not about to convert Mr Scargill's supporters to the virtues of the free market and it is not belpful for the dispute to be presented in Ideological terms. What the Government can do is to take wbatever steps are available to minimise the industrial damage strategy for reducing or of the strike and to go on removing this threat bas to patiently explaining the facts, as operate on both levels. It is Mr Peter Walker, the Energy not possible, at least in the short Secretary, did to good effect on television yesterday. The best bope is not so much a spon-taneous drift back to work as a gradual recognition within

Response to the Polish amnesty

GENERAL Jaruzelski's amnesty Kuron, ruined the Government's for Poland's political prisoners. Strategy by Insisting on their inclinding those leaders of the socialist, though not necessarily KOR worker defence committee put on trial for treason earlier this month, is a big gesture, and it deserves reciprocal response from the West.

It does not whoily undo the wrong of martial law in December 1981, which outlawed independent Solidarily trade union; that ban remains. li does not even wipe the political prisoners' records atirely clean; the amnesty will be revoked for any whom the authorities judge to resume the end of 1986. But, even though the clock is not being turned back to before martial law, the amnesty gives some hope of a new beginning in Poland, and the West should drop at least most of its remaining sanctions. Use of the carrot rather than the stick might now encourage that new

beginning.
Ouite why General Jaru-Oute why General Janu-relski had to wait so long to make his gesture is not entirely that he was hanging on for the big occasion, Potand's 40th anniversary as a Communist

Consolidated

The Polish leader, naturally, called his amnesty 'an expres-sion of the strength of the state." Certainly, he seems to have consolidated his hold on power, though it rests less on the sull-fractured and depleted Communist Party organisation

technocrats and security officials freeze on new credit for Potand of the General's ilk. He has adds nothing to the economic made his bargain with the hard-fact that it is not creditworthy liners in the Polish Polisburo, anyway. They have also begun who even until last week were resisting the release of the KOR leaders. That bargain than good, and that by reopen-seems to rest on a jacit under-standing with Moscow, the the Jaruzelski Government they Polish bardliners' last court of appeal, that unorthodox means n:ay be used if the end is peace and stability in this vital part of the Soviet empire.

On the other hand, even the ministers to Warsaw in order to brief start of the KOR leaders' trial was enough to show the weakness of the Government's ment has been President attempt to rewrite the history of the Solidarity movement. The of his political advisers that any KOR leaders were portrayed as dismaniling of sanctions would subversive hijackers of the backfire badly on his re-election Solidarity movement. But Mr campaign, if the four KOR and Lech Walesa never allowed this seven Solidarity leaders were portrayal 10 go unchallenged. Put on trial or kept in prison, and KOR leaders, like Mr Adam. The weekeod amnesty should Michnik and Mr Adam Jacok have removed that fear.

Comunist, credentials and by refusing to go into easy exile.

It is too early to tell whether, by his amnesty, General Jaruzelski will capture much of the middle ground of Polish public opinion that be needs to sustain the beating of Poland's wounds. The Catholic Church, both in Poland and in the Vatican, has kept up steady pressure for an amnesty, and it will now probably give the Government an easier ride. But Mr Walesa will not. He has called the amnesty meaningless without revival of some form of inde-pendent trade activity.

What is clear is that the West now needs to change its original strategy, which has largely been overtaken by events. At the start of 1982 it imposed tbrce measures-no rescheduling of Poland's official debt, no new official trade credit and no high-level political contacts— until three conditions were met -an end to martial law, release of political prisoners, and resumption of a dialogue betwen government, church and

a free trade union movement.
One of these sanctions, a freeze on debt rescheduling, has been dropped earber this year. because it proved counter-productive to western economic interests. Now that two of the three western preconditions have been met, there is a case for dropping more of the

sanctions. In fact, most West European governments have been pressing for this for several months. They have argued that a "political to feel that political ostracism of Warsaw is doing more harm can effect more pressure and persuasion within rather thao without. Two Nato allies, West Germany and Greece, have been straining at the leash to send top

open this dialogue. Reagan, and the particular fear BRITAIN'S BOOMING HEALTH BUSINESS

Fitness and fat, fat profits

By Arthur Sandles





Debble Moore of Pineapple studios and an advertise ment for the latest cans of "no salt added" vegetables

past few years. Government (up 15 per cent in 1983), crisp-statistics suggest that in 1981 hreads (11 per cent), fresh we were each drinking about fruit (9 per cent), yoghurt (up 4 oz of it a week. Last year 12 per cent) and low fat milk

Apart from the fall in beef trend to healthy eating is allowed and butter finally having an impact on the structure of food demand."

The report adds that, there sales bave dropped (from 36 lb a year to 31.98 since 1981) and British consumer is becoming so bas the use of flour (from 5.96 oz a week in 1981 to 4.97 last year).

Meanwhile sales of fresh fish have a semile of the foods consumed, and this have a semile of the products on supermarket shelves will give the consumer no cause for trend to healthy eating is alarm. The sugar and butter lobbles have separate campaigns aimed at demonstrating that the quantities their products, being more discerning in the choice, quality and nutritional value of the foods consumed, and this will have a semile of the foods.

have zoomed, as well as the consumption of what a few years ago would have been re-

Dance studios are sprouting in urban areas

garded as "foreign" vegetables such as courgettes, aubergines and peppers. This is partly because supermarkets have learned how to present such produce. But consumer demand has been strong.

Even in the rarified air of the world's top restaurants changing eating habits are having their effect. "A few years ago my meat bill was twice my fish and poultry bill," says London botelier David Levin, owner of the Capital tucked discreetly behind Harrods. "Now the two between smoking and cancer. This group points to the recent report by the National Advisory

only to availability in food rement is being urged to ensure cater for the more active end tailers but to a development in that all products carry, for the general concept of health example, precise details on the Work Out, New Health and Fiteating," says a report on the amounts of cholesterol-rich British food business in 1983 animal fats in them. a passing phase or a permanent shift in the market.

Fruit juice sales, for instance,
bave soared in Britain over the

eggs and dairy produce by 14 lb a year, while bis or ber con-sumption of fresh vegetables, fruit and cereals has risen by In both Britain and the U.S.

the new eating habits bave given big manufacturers like Heinz and ___eral Foods a marketing problem. How do you launch products promoting health without implying health criticism of sugar and salt-enriched foods which are the backbone of the business? The

wrangle as similar to that which raged 15 years ago over the link between smoking and cancer.

This group points to the recent report by the National Advisory spun off a range of successful successful spun off a range of successful spun off a range The slimming business bas report from the Government's own Committee on Medical Aspects of Food Health, a report which underlined other warnings on fats, salt and "The rise in consumption of successful to the recent sport to the recent report to the recent report state on Nutrition Educations. Slimming, Successful to the newspanding section of fresh food is attributed not nutritional needs. The Govern- Health Now and Healthy Living

Broadly the industry believes clothing styles, some printing that only surfeits of particular regular pull-out sections—for items cause harm and that example, Cosmopolitan's Zest. normal eating of the products on supermarket shelves will give

of the foods consumed, and this will have a significant impact on the future pattern of food spending."

The changes appear more dramatic in the U.S. Over the past decade the average American has reduced intake of meat. eggs and dairy produce by 14 lb the significant of the constant of

ranges. Another Nestle sub-sidiary, Chambourcy, has been experimenting with non-sugar-sweetened fruit yoghourts low by consenting adults in fat.

Rank Hovis MacDongall has developed the Energen range from its crispbread base to soft drinks, low-calorie jams, and its bread best-seller, Nimble, which is also low in calories. Ross, an Imperial Foods sub-

sidiary, bas the Weight Watchers' franchise for a wide range of tinned fruits, ketchup, soft drinks, mayonnaise and frozen foods among others.

Boots bas placed all its sliment cover of a glossy magazine, ming products under the label Shapers instead of labelling Mauersberg, opened the £1.5m goods low calorle as in the past. Hamibals bealth club in Kingly Street Color (with narrow).

Switching from beer to bean sprouts would require an organic change in £EC farm policy.

But the long-term implications are also considerable. If eating habits, and thus farming

ness for the latest aeroble turn-

magazines are devoting more Adidas from the football pitch for these are issuand more space to bealth and to the high street is one of the could seriously debealth-related products like oldest stories. Ellesse, Fila Government's health.

and Nike have followed at

"Real sporting enthusiasts tend to go to the specialist sports shops," says British Home Stores. "There they can get the brands, and in many sports the brand of clothing yon wear is very important. We do not cater for that market, Our people simply want to look as if they play those games."

That market is so dominant that a customer browsing at British Shoe Corporation shops in Oxford Street, London, would find it difficult to find would find it difficult to find leisure shoes that do not owe some allegiance to running bardy walking or mountain elimbing. In summer the British look as if they have just completed a jogging circuit and in winter, with their

and in winter, with their anoraks, as if they had just finished skiing.

Many manufacturers have chosen to link their products to the health revolution via sponsorship, particularly—and with some piquancy—drink and tobacco companies. Alcohol and tobacco account for an estimated £40m-plus in sports sponsorship in Britain. Some tobacco groups, such as Peter salt added "vegetables sponsors in Britain. Some to bacco groups, such as Peter Stuyvesant and Mariboro, bave clothing styles, some printing regular pull-out sections—for example, Cosmopolitar's Zest.

Many credit television for timulating the read for needs.

Many credit television for stimulating the need for people to look and feel good. The temptation is to emulate the beautiful people on the living room screen. So the influence of Jane Fonda and her workouts spread and the popularity of mad-Lizzle and Green God-At least 25 companies paid between £25,000 and £250,000 to be connected with Britain's Olympic effort this year. They include Budget Rent a Car. American Express and Harrods, and all say the combination of health and flag-raising is

irresistible.

But it is in food that the trend is moving fastest and gathering speed. The latest range to move from a "fad" to the main business sector is organically grown vegetables. "We cannot get enough," says Safeway.

If the trend continues, meat-serving restaurants could go the same way as smoking cars on London's underground rail-way. A steak will be enjoyed only by consenting adults in the privacy of their rooms, and salt will be added at the risk of invalidating National Health Service entitlements, With pulse machines already dotting Britain's high streets, and blood pressure measurers a fixture of the American shopping mall, such predictions may not be mere hyperbole in a few years. Switching from beef to bean sprouts would require an organic change in EEC farm

Nautilus exercise equipment what's the point? This produces and a luxury restaurant, Hannibals is regarded by Mauers-berg and Munos as "a new style of social clnb." what's the point? This produces social implications of retirement ages, pension funding and care for elderly whose decline may take considerably longer than The growth of these centres it does today. Whatever its comand the acceptance of brand names on clothing worn by sports stars on television, have helped turn such clothing into normal wear. The move of Adidas from the football pitch to the high street is one of the could service.

Head in the clouds

The sky's the limit, apparently, for President Reagan's promises in the run-up to the presidential election.

In a weekend radio broad rast, paid for out of his re-election campaign funds, be said the United States was ready to barvest "the vast black desert of space"—and, true to the best U.S. traditions, he pledged that no petty restric-tions were going to hamper business ventures out there.

Space factories producing goods for the United States. Reagan told listeners, would bave to pay import duties on return to earth under present U.S. laws.
"We're going to change that,"

be promised. His administration had already taken initiatives to surmount such obstacles to space enterprise.
"These initiatives don't

involve special interest treatment of any sort," Reagan explained reassuringly. "What they come down to is a policy designed to do away with laws that inadvertently discriminate against companies that do business in space rather than on the ground." That should impress a few floating voters . . .

Space solution

The first British astronaut meanwhile, may be remembered not just in the history books but in instructions for future space travellers on bow to do such mnndane things as take a bath or hold a glass of beer. Ministry of Defence boffins

preparing for the 1986 space shuttle mission which will take the first Brit into orbit 25 years after Yuri Gagarin, are thinking up a few scientific experiments that might be carried out at the same time.

One under consideration involves the study of liquids in the weightlessness of space flight. When a liquid moves in these conditions, it transfers that want to nurture their ties ting and calling sweets. At 5 momentum to the space craft. With Government, a process sharp they all left. I often find the simple act of sloshing known as "amakudari," or it hard to sleep at night when

Men and Matters

water to and fro in a space version of a bath (assuming one could be rigged up under zero gravity) could disrupt the movement of the craft. If the British experiment goes abead, the UK space voyager

would fix instruments to the side of a vessel filled with liquid and monitor the response.

It does not sound quite as enjoyable as the tests already made by Soviet cosmonauts with vodka. But they are now banned from taking the liquor into space after engineers found that vapour from the vodka swigging space travellers' breath interfered with electronic equipment in their space capsules.

Till the autumn

If proof were needed that Jim Prior's thoughts are beginning to wander away from Northern Ireland to less troublesome fields outside Government, the clincher came on Friday in the House of Commons.

Prior was dutifully sitting on the Government front bench listening to Foreign Secretary Sir Geoffrey Howe's statement on the Falklands and glancing at a magazine—which turned out to be a copy of "The Agronomist," a weighty farming

Heaven's saki

Japans' traditions of life-time employment and deference to age mean that the Government and private companies have to manufacture noo-jobs for staff who can neither be sacked nor subordinated to a boss younger than themselves.

Civil servants are usually farmed out as "consultants" to official bodies or to companies



I'm airaid your departmen is being replaced by a pension schame, Simpkins," portable

descent from beaven." Anybody who thinks of the Japanese as a nation of worka-holics can take heart from this description, given by a leller writer to Shukan Asahi news-paper, of life in a company set up purely to accommodate amakudari. 'It was incredibly bizarre. I

felt as though I were a nurse in an old people's bome, because they all rose early, all turned up at the office before nine. Sipping high quality green tea that I served they read newspapers for half an hour or more and then at 10.30 I served another round of tea. "In the afternoon many seats

became vacant, with some never returning from lunch, while others went regularly to the doctor's. At about 3 most would begin napping. I served a third round of lea and they would spend 40 minutes chatI think that part of the taxes my husband pays goes into the fund to keep those old men in useless jobs." True romance

Being a civil servant, even in these straitened days of public expenditure and staffing cuts, bas its moments. "Public Service," the journal

of the 800,000-strong National and Local Government Officers' Association, reports in its latest issue that the men and women from the ministries are worried about the polygraph, or lie delector, spreading its tentacles out from the Government com-munication headquartes in Chel-tenham to embrace all of the service

The machine, or "wallygrapb" as Nalgo's journal renames it, is, it claims, "quite unrellable in sorting out lies from the truth and the guilty from the imposent"

After doing some in-depth research into ways of folling the instrument, Public Service has discovered some advice offered by a member of the Commons select committee investigating lle detectors — "think crotic thoughts while being ques-Trust an MP who has had to

cope with staying awake during all-night sittings to come up with that one. If the practice becomes general, the most hotly sought-after post in the civil service will be that of polygraph operator.

Chat show

Now I know London's tourist season bas started. Lost in the wilds of Hammersmith, a large American lady grabbed a prampushing local and yelled desperately: "Hey, do you speak Eoglisb?"

Human bondage What is the difference between

a Eurobond deal and a Euro-bond dealer?—A Eurobond deal

Observer

Mrs Thatcher was commenting on the remarkable success of a company which was expanding into its own 100,000 sq.ft. factory in Peterborough. A company that moved into a 40,000 sq.ft, advance factory only five years ago.

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"I wish it could be repeated a thousand times across the country" Prime Minister Margaret Thatcher

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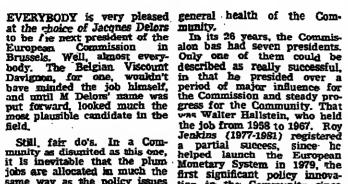
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d holiday de R

Jacques Delors' dilemma

FOREIGN AFFAIRS

By Ian Davidson



Still fair do's. In a Community as disunited as this one, it is inevitable that the plum jobs are allocated in much the same way as the policy issues are decided: partly on the merits of the case, but more on the basis of national leverage

Each of the three Benelux

countries has had the presidency once, and so has each of the big four—Germany, France, Italy and Britain. It was generally accepted that the Germans, who had provided the first Commission president the first Commission president in 1958, in the person of Walter Hallstein, were now entitled to another turn; but since they couldn't come up with a plausible candidate, the field was open to the strongest combination of merit and leverage. The strength of France's claim as a big country to a second turn, combined with the creden-tials of Jacques Delors as a leading French minister, made it an open-and-shot case.

But is it important to anyone except Jacques Delors? Does it much matter who occupies the In the early days of the Com-munity, one would have auto-matically assumed that the answer to the question must be yes, because of the Commission's role in the Community's decision-making process. Al-though the Council of Ministers takes all the important deci-sions, the Rome Treaty gives the Commission the exclusive right to put forward proposala for debate and decision, According to the book, therefore, the Commission must have a very important role, and it must be important who occupies the pre-

In practice, however, the re-cord of a quarter of a century of Community history suggests that the formal position only corresponds to the real position in certain circumstances. The importance of the Commission and the influence of its presi-dent, vary according to the

the job from 1958 to 1967. Roy Jenkins (1977-1981) registered a partial success, since he helped launch the European Monetary System in 1979, the first significant policy innova-tion in the Community since in the Community since 1967. But otherwise, Commis-sion presidents have departed without leaving much trace behind them.

This is not an indictment of the personal qualities of the men who held the presidency, but a symptom of the atate of the Community when they held the job.

Perhaps even Jean Rey of Belgium, who held it in 1967-70. was over-promoted on the strength of his performance as the Community's top negotiator in the Kennedy Round of trade negotiations in Gatt. Perbaps it was eccentric to bave appointed Franco Malfatti (1970-72), of wbom nothing can now be remembered. Perhaps Gaston Thorn, the present incumbent, projects too vividly a sense of political weakness which may be an inevitable side-effect of his being a Luxembourger.

On balance, the record of relative success or failure of Commission presidents bas had far less to do with their per-sonal qualities than with the constellation of political forces in the national capitals. Walter Hallstein benefited

from the most favourable con-stellation of circumstances. The general climate was one of enphoria and hope that the new enterprise would reinforce the earlier experiment of the Euro-pean Coal and Steel Community and compensate for the collapse of the European Defence Community project. Second, and perhaps just as important, the Rome Treaty laid down hardand-fast targets and deadlines for the first steps towards the creation of a common market; voting and Community financ-there was plenty of room for ing.

haggles and crises at the margin, for example over the 1960s, the tramlines of strict formulation of the common treaty targets and deadlines had



M Delors at the EEC Commission beadquarters

immediate threat to the euphoria of those who hoped that the Community's institutional arrangements—the in-dependent role of the Commission, the provision for progress

towards more majority voting luck and good judgment; kuck in the Council of Ministers— in the shape of the close alti-were a blueprint for movement ance between Giscard d'Estaing were a blueprint for movement towards a potentially con-federal Europe; the threat judgment in spotting that they became manifest with the could be interested in strength-French veto on British membership in 1963, and lethal with the 1965-66 crisis over majority

formulation of the common treaty targets and deadlines had agricultural policy; but on the petered out. Either the member whole the Commission was states had carried ont their operating safely inside the obligations (the customs union),

tramlines of explicit obligations or they had made it plain that laid down by the Rome Treaty. they were not going to (a free Hallstein'a successors bad market in financial and other neither of these advantages. The return to power in 1958 of progress depended on improving the threat to the and goodwill—and the legacy visation, imagination, persuasion and goodwill—and the legacy of de Gaulie ensured that there was no goodwill, at least not enough to overcome the illusions

> Roy Jenkins benefited from ening currency co-ordination between the member states, despite the opposition of the Bundesbank.

of national vested interests.

In the five years since the European Monetary System was launched, the Community has been largely preoccupied with the steadily mounting crisis over finance, the costs of the farm policy and Britain's bud-

getary complaints. The impor-tant feature of this crisis, from Jacques Delors' point of view, is that influence over events bas steadily seeped away from the Commission to the member states, implicitly at the Stuttgart summit a year ago, explicitly since President Mitterrand gathered the reins of the nego-

fuence is by now irreversible, but there is a sense in which the question misses the point, because it is based on the old illusion that the Commission illusion that the Commission was ever the motor for progress. In the uncharted waters facing the Community now, the objectives can only be fixed by the member states; if they, or at least the biggest of them, reach a consensus on where they want the enterprise to go, that is where it will go-probably.

So the question facing Jacques Delors is whether he can bave the luck and good judgment of Roy Jenkins, to identify an idea whose bour bas come or a strategy that fits the mood of the times, so that be can bave some achievement to mark on his curriculum vitoe when be returns to French politics. His dilemma is that most of the familiar horses in the stable are either clapped-out naga which ought to be put down, or else recalcitrant hrutes which could damage the political health of anyone who tried to ride them. There msy only be two promising strategies; but the first risks flying in the face of received Community doxology, and both of them risk leaving the Com-

mission on the sidelines.

There is no future in any policy which involves spending large amounts of money; the budget simply will not run to it, the common agricultural policy will be a cause of pain and grief for years to come, and the regional and social funds can only have marginal effects. A revival of the idea of economic and monetary union looks glamorous and ambitious, but it touches the question of national sovereignty on the quick in every capital. Joint hi-tech research programmes, such as were to move along these two the Esprit project for information technology, could have a left to preside over the containcertain fashionable appeal, but ment of the farm policy and the

put a lot of money on.

By contrast, the most promising strategy, and the one that appears in principle to com-mand the widest acceptance, would be the reduction or re-moval of the many remaining obstacles to trade in goods and services between the member states. This borse is likely to run hest if it is not hobbled by since President states of the negotiations into his own bands at the beginning of this year, as an extension of the French tenure of the presidency of the Community.

Lead whether the president states and community that the presidency of the community.

Lead whether the president states are president to the presidency of the community.

Lead whether the president states are president to the pr have set one example of the kind of thing to be aimed at, by reducing formalities at their objections formalities at their common frontler; Britain another, by its attempt to bust the European air fares cartel through a deal with Holland. The case for a multi-speed Europe of this kind is that the process of liberalisation cannot

> by the most protectionist mem ber state: by analogy, it is akin to majority voting in action rather than round the conference table. The trouble is that

be held up on any given issue

strategy is one which starts, not with the nuts-and-bolts at the bottom, but with the common political objectives of the member states at the top. This is very much the British Government's formulation in its recent policy paper to the other member states: Europe must work towards a common foreign pobcy; Europe must strengthen its contribution to its own defence; therefore, Europe must co-operate in defence procurement and resource allocation; therefore, Europe mnst strengthen its industrial and technological base through the liberalisation of the internal

There is no necessary conflict between liberalisation a la carte, and defence and foreign policy co-ordination. On the contrary, the former is likely to be facilitated if there is a big push from the political imperatives—if enough of the hig governments see the political imperatives the same way. But if the European enterprise it is probably not a horse to run-down of the steel industry.

Lombard

High time to fight back

By Samuel Brittan .

THERE IS one issue which There is no way in which the THERE IS one issue which dwarfs all others in the miners' Government can avoid the finat strike. This is the use of say in the decision of a violence and intimidation hy a mationalised industry iosing bundled of fellow workers who do not wish to follow the lead of Arthur Scargill. Thanks to embattled lines of policy. Nettinghase him of the content o lines of police, Nottingbamshire miners bave been able to work. miners have been able to work. But despite the welcome use of apecial police patrols and the drafting of stipendiary magistrates to speed np the trial of those accused of violent behaviour, fear and terrorism have not disappeared. Only last Friday a coroner reported on the suicide of a working miner whose daughter bad been threatened. Nor is the violence on the part of the strike-breakon the part of the strike-break-ing truck drivers any more

The sight of Neil Kinnock and Arthur Scargill embracing happily on the same platform has convinced me not to " cease rather than round ence table. The trouble is that it infringes all Community ortbodoxy, and unless it forces recalcitrant member states to reconsider their protectionisms, commission out and merchant bankers whom I respect as individuals should not have burned their boats with Labour as a result of its wholehearted identification

with Scargill, The main issue is not one of beavily loss-making pits or of the economic effect of unions about which I wrote on Thursday. It is to show, in Gladstone's words after the Phoenix Park murders, that the "resources of civilisation are not at an end." It is no longer possible to cop out of the issue "Who governs Britain?" first raised by Scargill when he stopped the movement of coal from the Saltley coke depot in 1972. The trouble is that the Government bas been fighting with one hand behind its back. The time for "sitting out" violence is over. I bave four specific sugges-

tions, none original, some of which ministers are very belatedly showing signs of adopting. First, the ridiculous pretence that the issue is between the coal board and the NUM should have been dropped long ago. This attitude more than any other has lost the Government

middle - of - the - road support.

coal board propagaoda or "sources within the board" who brief the media towards appeasement. Board publicity should be of a more professional Slandard than the advertise ments which a friend of mine in the field called "mind-bogglingly boring" and then faulted on every point. And it should not be left to MacGregor's television skills, or lack of them, to combat the instant access to that medium, wblch Scargill has been so un-

Second, anstead of sanctioning particular deals, the Government should permit the free import of coal now and for ever. Third, a start should be made on the closing of uneconomic mines, together with payment

of redundancy money to miners who accept it, even if they are on strike. Fourth, the green light needs

to be given to any concern, nationalised or other, which wanta to take any union to court for secondary picketing. For more people are alienated by the Government's apparent lack of confidence in its own legislation than would he by the supposed provocation using the law of the land. Nor should legal action be

confined to the civil side. If there is no way of bringing to trial the instigators of violence at the highest level there is something wrong either with the criminal code, or more probably with those who advise on its enforcement.

Mrs Thatcher would do well

to remind her ministers, advisers, publicists and others of President Kennedy's dictum; that extremism against evil is itself no evil. She might then recall the words which Shakespeare gave Henry V before Agincourt:

"He which hath no stomach to this fight. Let him depart; his passport shall be made And crowns for convoy put

into his purse."

Selling-off

Jaguar

From Mr N. Falconer Sir,—BL sharebolders are being asked to approve the sell-off of Jaguar. They should ask what is in this for their company.

The only rationale for selling a productive asset is that its price can be employed to better advantage elsewhere in the business. So, what are the

A price of £300m has been suggested. With the markets in decline, with the underwriters' fingers burned in other recent privatisations, with the imperative for a good run-in to the massive British Telecom issue, this looks distinctly over-high. Certainly it implies profits of £80m this year, and on a rising trend. After expenses, this would leave BL with £290m.

Or would it? Mr Tebbit has made it clear that part of the deal is that BL does not draw £100m of government support, which is promised otherwise. So BL would gain only £190m by

selling Jaguar.

t could'e eated and time

Sir Austin Bide must explain how he proposes to deploy £190m to earn £80m pa—a return of 42 per cent—and bow this squares with the zero return he rates so highly on the fection he rates so highly on the fall of taxpayers' money BL has absorbed across the past nine years. Failing a satisfactory attement of this nature, it must be suspected that the sale of Jaguar forwards only the privatization policies of the Government, the majority share-holder. And that, Sir, may be a freud on the minority — but who can afford to sue a state? Noei Falconer. 203, Bramhall Moor Lane, Hazel Grove, Stockport,

High holiday bookings

From the Chairman, Global of London (Tours & Travel)

Sir,-The article of June 13 by Arthur Sandles headed "Travel price war feared after swing to big names" causes us considerable concern. The article refers to "trade reports" in concluding that we, the tour company within Great Universal Stores Group, have been particularly badly hit.

If the sources and reports relied upon are the recently reported figures of the British Market Research Bureau, we consider those figures to be a totally inaccurate reflection of our own bookings. The latest BMRB figures apparently allege that our bookings for 1984 are 14 per cent down on bookings

for 1983. This is not the case.

Letters to the Editor

Golden Circle holidays are up by 16.8 per cent on last year. Excluding sales made in Northern Ireland and Eire and overseaa markets, our sales are still up by 8.6 per cent on 1988. It is important that when information of this nature is published, that it is accurate and does not give a misleading impression.

S. F. Robin. 200 Tottenham Court Road, W1.

Retrospective legislation

From Mr D. Kidd

Sir,—The historian Edward Gibbon noted that "the discretion of the jndge is the first engine of tyranny." Similarly the legal historian F. W. Maitland wrote "We feel ourselves that the way that the trans who was the state of the way to the that least free when we know that restraints may at any moment be placed on any of our actions and yet we cannot anticipate these restraints . . . Known general laws, bowever bad, interfere less with freedom than

decisions based on no pre-viously known rule." It is in the perspective of these illustrious historians that these illustrious historians that the decision in Furniss v. Dawson may best be judged. The law lords assumed legislative functions and created a "new approach" in favour of the executive thereby depriving a family of property which until that decision was lawfully theirs—as is shown by the decisions of the special commissioners, Higb Court and unanimous Court of Appeal in the case in favour of the Dawson family. favour of the Dawson family.

If, as seems inevitable, Parliament will tolerate the House of Lords arrogating to itself taxing powers, may we at least bope that these will take effect as normal legislation — only prospectively. That is, any "new epproach" or "emerging principles" which the House wickes to adopt will only apply principles" which the House wishes to adopt will only apply from the date they are announced by the judicial committee and not to the instant case their lordships take as the occasion for modifier the lordships take the lordships take the lordships take the lordship tak previous law. In Jones v. Secre-tary of State for Social Services the law lords felt they needed Parliamentary authority for any such prospective law-changing "to obviate any suspicion of endeavouring to upset one-sidedly the constitutional balance between executive, legislature and judiciary." An Act of Parliament will, there-fore (invalidation and the

fore (ironically enough) be required. Our own statistics at June 10 In view of the fact retrospec-show that our total bookings for tive legislation is repugnant to our summer, air, coach and the legal principles of a free

society it seems right that the Inland Revenue, having estab-lished its point, should not cotlect from the Dawsons the capital gains tax obtained in capital gains tax obtained in this improper manner. The Chief Secretary to the Treasury confirmed early in the life of the present administration that the Government bad set its face against retrospective legislation.
This pledge abould be redeemed also in respect of quasi-legislative acts by the House of Lords,

which because judges are sup-posed only to be declaring the law take effect retrospectively. As the Prime Minister said re-cently "If people cannot look to Government to protect them, to whom can they look, especially when one of the func-tions of Parliament is to check tax, including rates, and not to increase it."

David J. Kidd. Halperu & Woolf, 301-305, Euston Road, NW1

Purpose of

obscurity From Margaret Wilkinson

Sir,—1 read with interest Max Wilkinson's Lombard column "The purpose of obscurity"
(July 13). I too have been puzzled about the omission of data from the Public Expenditure White Paper. The last two White Papers bave excluded, without comment or explanawithout comment or explana-tion, the cost to the Exchequer of the option mortgage scheme. Up to and meluding 1982 the figure was given; the 1982 White Paper showed the cost of the scheme to be £300m (for 1982-1983), and this figure contributed to total public expenditure on bousing of £3.48bn. Now that a figure for the cost of option mortrages as longer appears in mortgages no longer appears in the housing total does it mean that it is no longer part of pub-lic expenditure? Or does it appear elsewhere?
I do not know the answers to

these questions but I bave strong suspicions about the reason for the omission—and it is not that it is to give the sppearance of reduced public ex-penditure, though this is no doubt a side effect welcomed by the government. In recent years many individuals and institutions have been pressing for various kinds of "tax expendi-tures" (public revenue losses resulting from special reliefa to particular categories of tax payer) to be included alongside similar direct public expenditure. An Important tax expendi-ture is mortgage interest tax relief, currently costing the Ex. Peter Bottomley. chequer £2.75bn, and baving. House of Commons, exactly the same effect on the SW1.

size of the public sector borrowing requirement as any direct expenditure on housing.

Those in favour of a budget which includes this "expendi-ture" point to the option mort-gage scheme to support their case. For example, "as (mort-gage interest tax relief) is clearly income foregone by the Exchequer, and, in effect, a direct subsidy to owner occu-plers, and as the option mortgage scheme is included in the White Paper, its (mortgage interest relief's) current exclu-sion appears to be inappropriate." (Memoradum by the Institute of Housing. The Association of District Councils and the Chartered Institute of Pub-lic Finance and Accountancy make exactly the same point. I think that they will be surprised at the result of their appeals for the equality of treatment between tax relief and mortgage subsidy.

Margaret Wilkinson, School of Social Sciences, University of Bradford, Bradford, W. Yorks.

Misplaced solidarity

From Mr P. Bottomley MP Sir,—The letter (July 19) from the chairman and secretary of the Transport and General Workers Union Parlia mentary Group implicitly admits that the docks dispute was not about the Immingham situation.

Like the T&GWU generally, they fail totally to recognise that the union also represents thousands of lorry drivers who were stranded by the ruthless and unjustified dock strike.

and unjustified dock strike.

The moral, industrial and
political bankruptcy of the
"official" Labour movement
and its sponsored MPs is shown and its sponsored Mrs as aboven by their own assertion that not one of them can see that dockers' jobs and long-term em-ployment were threatened by

Who represents the real interests of the docks? Who is concerned for others in the transport industries? Who cares for the customers end the general economic well-being of country? our country?

As a Parliamentary member of the T&GWU, I believe that the sooner the union is free from its official unilateral ties to one political Party, the better it will look after the common interests of all its members and the more it will contribute to generating the wealth that creates the real hasis for improved pay and conditions, more jobs, and a proper observance of disputes and grievance procedurea.

At present the nation is see-ing misplaced solidarity and blind destructiveness.

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FINANCIAL TIMES

Monday July 23 1984



Terry Byland on Wall Street

The banks survive on balance

THE ROUND of earnings figures for the second quarter from the big U.S. banks has been greeted with something very like a sigh of relief by Wall Street analysts – and probably by the bankers themselves.

After what Mr Thomas Hanley of Salomon Bros describes as an "emotionally charged" trading period - which has taken in the most re cent cliffhanging episode of the Argentine loans saga, and the nose-dive at Continental Illinois, as well as flights to quality in the market for bank certificates of deposit - the quarterly results have passed off without a sign of anxiety.

The most significant aspect of the trading statements was the tougher accounting of the Argentine loans required by the Federal Reserve board, which most banks chose to apply to second quarter results.

In the event the earnings reduc-boos required gave Wall Street no surprises. Mr Hanley estimates that the \$350m payment from Argentina to cover overdue interest reduced by about 30 per cent the overall penalty oo second quarter earnings. Moreover, he points out that there is a substantial potential for profit recovery to the banks if the International Monetary Fund and Argentina can forge an agree-

ment on future payments.
Setting aside the Latin American loans, the banks have benefited beavy from the continued strength of loan demand in the U.S., which has kept unions.

Stock	Price \$	p/e
Citicorp	281/2	5
Chase	38	4
Bankers Tst.	39	4
Chemical	24%	4
Man, Hanover	251/4	3

domestic margins in good shape. There was no sign in the bank results of any check to business borrowing in June.

The quarterly statements also comforted Wall Street in other potential problem areas. Foreign ex-change trading weot better than feared in a period which saw the dollar coofounding predictions by cootinuing its upward surge. Chemlcal Bank pushed Forex trading profits up 66 per cent to \$13.5m for the three-month period.

Increased loan loss provisions by most of the majors also pleased the analysts. Cibcorp, which ran into criticism when its fiscal 1983 results showed buoyant profits on the back of the industry's lowest loan loss ratio, raised this provision 40 per cent

in the secood quarter. Bank stocks responded favourably to the quarterly reports al-though, with the stock market in a state of uncertainty, there was little benefit left showing in stock prices at the end of last week.

The money centre bank stocks have fallen by more than a fifth since the turn of the year, compared with a fail of only 6 per cent in the Standard and Poor's 400 industrial stock index. The regional banks, with less exposure in Latin America, have fared better but nevertheless show falls of 18 per

With Wall Street predicting substantial recoveries in profit this year at some banks, the second quarter results may be time for a new look at stock prices.

Mr Hanley, for one, believes that the sector could now be "poised for a trading rally," always assuming that the Continental Illinois rescue

can be resolved satisfactorily.

The money centre banks are trading at an average of about six times earnings, compared with the 10.9 times on the S&P 400 index. But this could reflect history rather

than the future.

The next six months could be a turning point for bank stocks. The response to the second quarter re-sults indicates that Wall Street believes the known problems bave been cootained. If the Continental Illinois upset can be left in the hands of the federal authorities then the rest of the U.S. banking industry - and Wall Street - may start to look for the green light.

. World Weather

KINNOCK FACES TESTS OF HIS LEADERSHIP

UK Labour set to scrap Polaris

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

BRITAIN'S opposition Labour Par- the unconditional removal of U.S. in his attempt to reunite the party dure as a means of reducing the inclear-armed submarines by a future Labour Government and the cancellation of the Trident missile system. Trident is the replacement for Polaris planned by the Conservative

Government. The policy will be presented in a report to the party's ruling national executive committee on Wednes-day, and it is certain to be backed

by the party conference in October. A working party which has been preparing the statement put for-ward two options for Polaris. The party's international committee earlier this month recommended one option proposing that, on as-suming nffice, Labour would de-commission Polaris from service. The rejected alternative was that any decision on the timetable for decommissioning Polaris must depend on the outcome of arms reduc-

The statement also talks about er, faces other tests of his authority

BY PAUL BETTS IN PARIS

AN ALTERNATIVE plan to rescue

Creusot-Loire, the bankrupt French

beavy engineering group, bas al-

ready drawn fire from the trade

The latest salvage proposals, which would cost FFr 2.5bn

(\$285m), are being put together by M Hubert Lafont, the official ap-

pointed by the Paris commercial tribunal to help find a solution to the affair. M Lafont is now expect-

ed to be named by the tribunal as the temporary administrator of the

large private group following the re-signation last week of M Didier Pi-

neau-Valencienne, the Creusot-

M Lafont's plan involves the sale

of Creusot-Loire for one symbolic franc to a group of new sharehol-

Loire chairman.

ty is set to adopt an unambiguously nuclear weapons and bases from unilateralist defence policy, which will recommend the immediate larisation of other U.S. forces in scrapping of Britain's Polaris ouveto over the use of such facilities in the interests of collective secur-

ity.
The draft document has, however, been criticised by Mr Tony Beon, a leading left-wing MP, and others on Labour's far left for still referring to the need for a deterrent and a Soviet threat which they do not believe exists

The far left also objects to the absence of any pledge to cut conventional defence spending. Indeed, the report says that reductions in the relative level of Britain's defence spending "could not be achieved in the lifetime of a single parliament without major cuts in our conventional forces which we do not recommend."

Apart from Labour's defence policv - an issue which divided the party at the general election last year -Mr Neil Kinnock, the Labour lead-

rescue under attack by unions

ny could group together Frama-

tome, the French nuclear power sta-

tion builder, Fives Cail and Als-

thom-Atlantique, the two other large French heavy engineering companies, and nationalised banks.

are at the centre of a separate Creu-

sot-Loire rescue plan being worked out by the French Government. But

unlike the government plan, which

envisages the establishment of a

company to take over the main lo-dustrial assets of Creusot-Loire af-ter its liquidation, M Lafont's plan

would avoid the need first to liqui-

date Creusot-Loire.

These are the companies which

election defeat.

There has been growing criticism of Mr Kinnock in recent weeks, both from the left wing of the party and from some MPs at Westminster over his alleged ioeffectiveoess in attacking Mrs Margaret Thatcher, the Prime Minister.

Mr Kinnock, who became party leader last October, will attempt to answer his critics in a House of Commons debate next week on the Government's economic and industrial policy, when he will confront Mrs Thatcher.

The Labour leader also faces a challenge over a proposal, which he backs, to encourage constituency parties to introduce voting by all local members in the reselection of sitting Labour MPs. A row is likely both at Wednesday's meeting of the national executive and at the party

The proposal bas sbarply divided Labour MPs. About 70 centre-right members have signed a letter backing the one-member-ooe-vote proce-

Framatome, its 50 per ceot beld

subsidiary which it owes about FFr

But the Government has expressed misgivings about this rescue plan, which is apparently more

costly than the one it is putting to-

gether. For their part, the trade unions have expressed their strong opposition to M Lafont's proposals. For the pro-Communist CCT

union, the latest plan would entail

lay-offs and the closure of some of Creusot-Loire activities. The pro-Socialist CFDT union reacted with

similar opposition, adding that the

Government's own plan was the on-

1bn, would be rescheduled.

and modernise its appeal since its flueoce of a few activists and of making it slightly easier for sitting MPs to be reselected. In contrast more than 50 left-wing MPs have backed a letter opposing the plan.

Mr Martin Flannery, a Labour MP for Sheffield, said Mr Kinnock had "reopened a wound almost healed that will cause a quite unnecessary and major split. How sad and inept this is."

The main significance of the pro-posals is as a test of Mr Kinnock's authority since the changes themselves will be optional and will not save MPs threatened by a determined group of local activists.

There have been reports that 25 or more Labour MPs are under threat, but this is seen as a gross exaggeration by senior Labour members. They argue that the main impact of reselection will not be from the bandful of MPs who are dumped, but from the lengthy anxiety to members and the external publicity that the process will

Lloyds Second plan for Creusot-Loire may offer broking

services By David Lascelles

LLOYDS BANK, the only big UK commercial bank oot yet to have oined the financial revolution being undertakeo in the City of Loodon, is considering offering dis-count broking services to its customers.

Discount broking, pioceered in the U.S., Is a low-cost, no frills stockbroking service through which investors can execute orders, but without the usual extras, like research and advice.

Though launched by small Wall Street firms after the eod of nego-tiated commissions in the mid-1970s, the business is now dominat ed by large banks which sell ser vices through their branch net-works, and by mail and telephone. Mr Fred Crawley, Lloyds' new chief general manager who takes over at the end of this month, said that UK stockbrokers had shown Interest in an association with Lloyds to provide these services, ooce broking commissions oo the London Stock Exchange become

freely negotiated in the next year or Mr Crawley said it was unlikely that Lloyds would by a stockbroker to get into the husiness, but the bank would need access to the stock market through an arrangement

with one or more member firms.

Our conversations with stockbrokers show that they would like to gain access to our customers," he said. Although Lloyds is the smal-lest of the Big Four UK commercial hanks, it aims at the more affluent end of the hanking market and is geoerally considered to bave a

more investment-minded clientele The discount broking service would be developed alongside a network of financial counselling centres where Lloyds' customers could obtain advice oo investment, tax and other money matters from specially trained staff. Lloyds might also offer cash management ac-counts, which combine savings and

Mr Crawley has spent several years with Lloyds Bank's subsid-iary in California, the state where large banks first moved into dis-

count broking.
Although other UK clearing banks have bought direct stakes in the London stock market and want to build up securities operations of their own, some of them are also believed to be looking at discount

Crawley's agenda, Page 6

Independent airline for China

mestic air travel.

The airline expects most of its international passeogers to be Chinese returning to visit relatives, tourists and businessmen dealing

Zhao said the plan to establish the airline had been strongly sup-ported by the leadership in Peking after the succes of the construction of the new Xiamen airport, which was financed with \$20m in soft

tonomy in economic planning

THE LEX COLUMN

Rights and wrongs of rights

of London pedigree which ranks alongside those of the fixed commission and the jobber's turn. But while the future of the rights issue looks a good deal less precarious than that of many other time-bonoured City practices, the idea of of-fering new shares to existing bolders is increasingly being seen as not quite n la mode.

The paper acquisition and subsequeot liquidation of an investment trust is only the most fashionable recent stratagem adopted by com-panies seeking to issue fresh equity without recourse to their shareholders. Multiple vendor placings are fairly common - BOC was a notable culprit in 1982 - and ICI recently introduced a oew variation by adding share warrants to a U.S. debt offer-

It may be, however, that the greatest threat of all to the preemption right lies just around the corner. The present ferment in the Londoo securities industry will, so the argument runs, throw up operators intent on blasting into the London corporate finance market and io a position to buy whole issues for distribution through their own channels.

Consultation

The freedom of companies to issue shares is, of course, circum-scribed by the Companies Act and the stock exchange listing agreement. Yet companies may already increase their issued equity without consulting their shareholders and the present momentum of change within the City might easily create pressure for the existing rules to be

Mr Archie Donaldsoo, the deputy treasurer of ICI, bas recently lent his weight to the argument against pre-emption rights. Expressing a personal view in the latest edition of "The Treasurer," be argues that the abandonment of pre-emption ights would streamline the process of raising new equity, remove the

Mr Donaldson's view will win many sympathisers. Smaller mer-chant banks are apt to argue, with some justice, that the rights issue acts as a constraint on innovation and a means of protecting cosy client relationships between the leading accepting bouses and the beavyweights of British industry. may find the pre-emption right an obstacle to raising fresh equity where and when they please.

Mr Donaldson makes much of the comparisoo with the U.S. but, in practice, it must be very doubtful whether a shift to the American system of issuing equity would be of benefit to shareholders or, in many cases, to companies them-

Leaving commercial criteria aside, the idea of extending the ownership of a company without consulting the existing proprietors is ethically rather questionable. Shareholders would presumably enjoy some protection through their power to prevent the creation of new, unissued capital, but, even in that instance, the principle of the pre-emption right would be threat-

The large institutions, which would in most cases control the ma- market. jority of the equity, would presumably be ready to approve an in-crease in authorised capital in the knowledge that they would receive stock in any event through a placcontrast, might very well miss out and so suffer asset dilution.

the introduction of, for example, part in New York.

The pre-emption right has a City ex-rights confusion from share shelf registration (whereby compa prices and - a telling point, given nies register stock with the authoribis readership - enable corporate bies in advance and then issue it treasurers to issue shares at their market value. when they please) would make it easier for companies to raise capital. The present rights issue system makes it possible for companies to raise equity capital even in falling markets. In the U.S., as Reuters discovered, the stock market is more of a fair-weather friend.

Some companies might encounter problems in raising capital, even during a more stable market period. Meanwhile, international companies – ICI is an obvious example – to issue equity at much below book value for fear of attracting class actions from disaffected shareholders
- a fact which kept the U.S. banking system short of capital during 198 and 1982. It is doubtful, for exam ple, whether Notional Westminster would have managed to raise £236m from its shareholders last week bad it been following the U.S.

Flexibility

Shelf registration would, by cir-cumventing the Bank of England's new issue queue, allow companies rather more flexibility in their timing and might obviate the kind of disastrous market response which greeted Thorn EMI's rights issue last week. Yet the queue is being operated with increasing finesse by the Bank and does at least preven the feast and famine problem of, for example, the Eurobond primary

Arguably, British companies end up paying too much by way of com-mission under the present regime. But the fact that National Westminstock in any event through a plac-ing. The smaller shareholder, by Glaxo in 1975 to have dispensed with underwriters suggests that The consequence of a move to- commission in any case. In the secwards direct equity placing would ondary market. London clearly has almost certainly be a further concentration of institutional ownership which, to the Government at does a better job, both of protecting least, must be an unappealing pros- investors and providing ready pect. Moreover, it is unlikely that access to capital, than its counter-

GEC wins big order from India

By K. K. Sharma in New Delhi and Lynton McLain in London

A £150m (\$198m) CONTRACT to supply four 60.7 megawatt coal-fired steam generators to India bas beeo won by GEC Turbine Generators of the UK. The deal represents one of the biggest British govern-ment-funded overseas aid pro-

The contract will also enable the British group to gain a foothold in the Indian market for power equipment in the face of competition from French and Indian companies. Up to three quarters of the cost of

the generating equipment is to be met by the British Government as capital grant awarded through the Overseas Development Administra-The balance of the cost of the

generators is to be met through loans expected to be supported by the Export Credits Guarantee Department. The four generating sets are to be

installed near the Bharat Alumini-um Company (Balco) plant at Kor-ha in Madhya Pradesh state. The new power generating capacity is designed to give the Korba plant security of supply.

The formal cootracts are expect-ed to be signed early next week. GEC is likely to be disappointed that the contract was limited largely to the supply of power generation equipment and was not for a turnkey project to build the complete

The power station is to form par of a larger £250m project. The local costs of this larger project at Korba will be met by the Indians them-

Sleipner gas deal

BRITAIN and Norway bave moved sovereign treaty associated with

Mr Kristiansen said at the weekend be was confident that agree-

oil, in January but the deal bas since been held up in Whiteball, where it was decided to reduce peak off-take from the field by about 20 per cent from 38m cubic

be marginal and which is of great ply of natural gas. importance in Norway's energy pro-Friday's meeting - the second between the two ministers in recent

thermal units.

moves a step closer

The new shareholders in M La-font's plan would inject FFr 1.5bn tained several shortcomings.

ders who would form a company to into the new company while Creu-take over the concern. This compa-sot-Loire's debts to the banks and to

BY IAN HARGREAVES IN LONDON

metres a day to 30m cuhic metres a day.

The delay bas been the subject of considerable irritation in Norway. Mr Kristianseo has come under strong pressure to resist any soft-ening of terms for a deal the economics of which are considered to

continue to discuss details of a at the same time.

an important step nearer to com-pleting the £20bn (\$28.4bn) Sleipner gas deal after a meeting between Mr Alick Buchanan-Smith, the Britisb Energy Minister, and Mr Kaare Kristiansen, his Norwegian coun-

ment could be reached on adjustments to the proposed contract sought by the British Government. British Gas signed a draft con-tract with the field's operator, Stat-

weeks - seems to have succeeded in creating a negotiating framework for British Gas and Statoil to re-open talks about the deal's terms. Those originally envisaged a price of about \$2.15 per million British

the commercial contract. That will cover matters such as the route of the pipeline from the Sleipner field to the UK mainland, the route to be taken by the field's gas condensate and the basis upon which UK com-panies will be able to tender for work on the Sleipner development.

Statoil, which has taken a hard line on the British attempt to rene-gotiate the contract, said at the weekend that it was optimistic that agreement could be reached by the

Originally, Statoil had boped for full political approval for the deal this spring. A series of deadlines was set, but those have passed without the Norwegians' attempt ing to cancel the contract.

In fact, the gas industry background in recent months has increasingly favoured the British negotiating position as it has become more evident that Western Europe faces beavy competition over sup-

The price of internationally traded gas has fallen, making it more difficult for the Norwegians to walk away from their draft deal

In the last fortnight, there have been further indications that the Netherlands is again interested in Those originally envisaged a price renewing a gas supply contract to build a fabout \$2.15 per million British thermal units.

The two governments will also the Norway and the Netherlands broking.

UK miners prepared to hold out indefinitely

Continued from Page 1

of the dock strike and they are ex-periencing difficulty in mobilising as many pickets as they could in

The union co-ordinating committee last week circulated all areas with instructions to concentrate picketing on power stations - a move many area officials feel was long overdue. Few, however, believe sufficient miners will turn out at

weeks and months. Mr Peter Walk- months.

NCB chairman, to reverse the NUM er, Energy Minister, yesterday re-officials' rejection of the offer last peated that supplies in power stations were high enough, and suffi-The miners' position has been ciently well distributed, to guaranweakened, bowever, by the settling tee uninterrupted power supplies

Mr Walker exchewed the political rhetoric of many of his Cabinet colleagues in receot days in favour of a forceful reassertion of the benefits of the deal offered by the NCB, and the remoteness of emergency mea-sures even if the strike were pro-

Senior NCB officials are similarly enough stations to cause a marked confident that power stations can remain supplied without the use of Electricity supply is emerging as troops to move coal from strikethe main battle area in coming bound pits - at least for some

Continued from Page 1

would not direct the airline's opera-tions and the airline would be challenging CAAC's monopoly on do-

with Fujian.

oans from Kowait. Fujian is a key province in Chi-na's strategy to attract foreign investment and introduce advanced technology. It has considerable au-

New Zealand is moving 300 yards across the globe. From today the Bank of New Zealand moves from Queen Victoria Street to the prestigiously refurbished 'BNZ House' in Gresham Street. Gresham Street may be a long way from New Zealand, but the territory is hardly new to us-we've conducted business from London offices for over 120 years. We are New Zealand's largest banking group-the only wholly New Zealand owned one-and we engage in a wide and sophisticated range of banking activities throughout the world. Naturally, we offer particular expertise in trading with New Zealand. Currency dealing; Sterling and Currency deposit and loan facilities; Accept-ance financing; Trade financing and Letters of Credit..... whatever the requirement, you'll find knowledgeable, efficient service and a sympathetic ear at BNZ. Visit us at BNZ House. All the expertise of New Zealand's major bank is here in the heart of the City.

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Bank of New Zealand

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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Monday July 23 1984

Surveyors **Valuers** Estate Agents

Fletcher King

BRITISH GOVERNMENT SECURITIES

Focus shifts from labour woes to Washington views

"AT LAST I can stop looking over both shoulders at once," said one London trader, as the end of the UK docks dispute reminded the gilt market on Friday that prices occasionally go up as well as down.

What he, and everyone else, will be doing this week is keeping both eyes focused firmly on Washington. First for today's revision of the U.S. second quarter estimate for gross national product and then again on Wednesday for Mr Paul Volcker's congressional testimony on the Federal Reserve outlook.

Settlement of the dockers' strike, bringing with it small gains for sterling and easier money market rates, dispelled some of the gloom which has infected gilts for weeks.

But if the market regained some of its poise on Friday, the reaction to the Government Broker's £700m (\$927m) issue of taplets shows it bas a long way to go before it recov-ers its confidence.

A random survey of brokers on Friday found at least a handful who feel that good news, or rather lack of bad news, from the U.S. this week could persuade some of the institutions to unload a part of their

buge boldings of surplus cash. What is needed, they believe, is a U.S. GNP figure not much more than half a point or so above the 5.7 per cent "flash" estimate, and some soothing words from Mr Volcker confirming that the Fed has so far beld back from tightening credit.

There are few, if any, in the London market, though, who are will-ing to predict that on their side of the Atlantic a climbdown from the present yield levels can be anything

"If U.S. rates are not going up now, they almost certainly will sometime in the next few months

If that premise is correct, the most the market can hope for is a stable domestic background which would allow it to loosen the elastic tying London interest rates to those in New York. But if "recoupling" took just a fortnight, "decoupling" is

going to take a great deal longer. · The British authorities remain convinced that the monetary outlook is favourable. (They also believe that without the dockers' strike they could have beld bank

base rates at 10 per cent.) June's appalling sterling M3 fig-ure may ironically belp them out. Anything less in coming months will seem an improvement, even if it is an intrinsically "bad" figure.

The profile of the UK public sector borrowing requirement in the second balf of the year will also belp the Government Broker in bis officially relaxed, though apparently anxious, attempts to break out of the vicious circle of underfunding and bad money figures.

What the institutions want to see before they consider re-opening the virtuous circle, however, is evidence that credit expansion is less buoyant than it appears.

The authorities believe that the June bank lending figure was an aberration and that even that other wayward monetary aggregate, PSL2 will begin to behave itself as building societies slow the pace of their lending.

They could well be right, and it may be that the institutions' shortterm deposits are themselves distorting the figures.

But the experiences of the last less than a struggle. few weeks and the perception, however unfair, that the Bank of England somebow lost its grip during the run on sterling, mean that the is a refrain that most gilt brokers market needs firm evidence, not seemed to have learnt by heart.

Yen syndicated loans find sudden favour

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

market still in the doldrums, it was time when borrowers are looking the turn of Japan to spring into the for low interest money. Canada is limelight last week. On Friday paying only 72 per cent for its Bank of Tokyo announced that it eight-year credit and Australia 8 Bank of Tokyo announced that it had received a mandate from Canada for a Y120bn (\$490m) credit, the largest yen syndicated loan ever.

The mandate came only days after Australia had announced a Y100bn credit, and just weeks after Y100bn credit for New Zealand. With amounts such as these, the Japanese market has suddenly found itself processing deals that would be of more than respectable size even in the larger dollar syndicated loan market.

Bankers say that one reason for the sudden forward leap of the yen syndicated loan market is the desire by Japanese banks to stimulate capital exports, in the wake of the recent agreement between the U.S. and Japan on the liberalisation of

financial markets. happens to be a ready availability

WITH THE dollar syndicated loan of funds on the yen market at a The facility, which is led by Salom-

per cent for 10 years. Large capital outflows, estimated at \$4.4bn in April and \$3.7bn in May, have meanwhile made the foreign exchange markets much less worried about a rapid appreciation of the yen, which would make borrowing in Japan more costly.

Apart from the launch of a \$200m credit for the Greek Public Power Corporation, the rest of the syndicated loan market was quiet last Peruvian interest payments, it week. With the \$100m credit for emerged on Friday that Peru had Banque Extérieure d'Algèrie raised asked for a bridging loan from its to \$160m, its neighbour, Tunisia, commercial bank creditors which was poised at the end of the week to was refused. launch a \$100m deal.

Irish Telecommunications' £25m (\$33.1m) credit has, as expected, been raised to £50m, while the \$100m Euronote facility for Nor-But at the moment there also way's Statoil attracted commit-company to be a ready availability ments of \$155m in just three days. year.

on Brothers, will not, however, be

Latin America will again be in the news this week with debt talks between banks in both Cuba and Venezuela. Last week's talks on a new rescheduling arrangement for Mexico were described by one participant as a "phoney war" with no formal proposals made by the Mexican side.

The talks are expected to resume in the week of August 6.

After a week of uncertainty over

Peruvian officials are tying a resumption of interest payments, which have been hampered by a recent civil servant's strike, to a disbursement by the banks of \$100m loan instalment left over from last

Pöhl creates uncertainty over withholding tax

domestic issues.

ders of debt issued directly from the

U.S. Some say they have advised

U.S. clients not to make a Eurodol-

lar bond issue until those questions

BY MAGGIE URRY IN LONDON

IS THE Euro D-Mark bond market Tax Bill, lifting the 30 per cent tax about to be plunged into the same withholding tax trauma that the Eurodollar bond market has been suffering? Last week Herr Karl Otto Pöhl, the Bundesbank president, called in a television interview for the 25 per cent coupon tax to be

Herr Pöhl argues that removal of the tax on domestic bond interest payments would encourage foreign registered, not bearer, form and it vestors to enter the market, so helping the German currency to maintain its value against the dol-

Although no one expects a sudden lifting of the tax, the long-term threat was enough to knock a point off Euro D-Mark bond prices on Friday. Yields on Euro D-Mark bonds registered regulations and the 20 per cent "back-up" withholding tax due on interest paid to foreign holwhich pay interest gross - bad already begun to rise relative to do-mestic D-Mark bond yields, and by

Friday were pushing above them. Withholding tax was still in the forefront of Eurodollar bond dealers' minds earlier last week, when President Reagan signed the U.S.

from all new bond issues. la and Texaco avoided the difficult-Citicorp, which had been the first les by using a Delaware "80-20" U.S. name in the Eurodollar market company – one which gets over 80 after Congress decided to include per cent of its income from abroad – to make the issues. That avenue withholding tax repeal in the Tax was apparently not open to General Bill, was again first in issuing a Electric Credit International Its bond free of the tax in New York. There was apparently no pioneer-ing zeal involved, merely normal fi-\$150m issue was particularly unfor-tunately timed - stradding the

It took lead managers Smith Barseems that the amount sold into Euney three days to assemble a manrope and the Far East was not un-usually high - certainly not suffiagement group, and in the end the commissions had to be increased by cient to suggest that European inh point to a total of 1' per cent, and vestors are about to pile into U.S. compulsory calls were added to protect investors in case the U.S. Trea-Issue managers are anxiously sury failed to provide favourable sowaiting for the U.S. Treasury to lutions by next summer. make its mind up about the bearer/

But as usual success has bred excess, and warrant deals have been priced increasingly tightly. Eurodollar bond prices were barely better over the week, with investors still nervous about interest rates. Swiss franc bonds were

NEW INTERNATIONAL BOND ISSUES Couper Lead Manage Av. Rte Price Lead Manager Offer yield SWISS FRANCS U.S. DOLLARS Central Europ, last, Bk, 12 World Back ‡ Ex-lan Bk. of Japan ‡ 6.125 51/6 53/4 43/8 1990 1988 1021/2 Morgen Stenley Smith Barney, He Goldona Sacks 13% 13.034 12.588 Bast Denio 12.783 ECSC **‡ Futuro Bec, **\$ Senken Bec, **\$ GE Credit Intl. 101 Cast. Linderbank 1 1 1987 1987 121/2 131/2 181,7 4.375 5.090 Optec Bai-leta Dento S 6.375 D-MARKS 1994 1992 1990 **AUSTRALIAN DOLLARS** 8¼ 8¼ 4 Statuwide Australia 1 1987 13.375 Dresdner Bank NORWEGIAN KRONE SWISS FRANCS City of Oslo 1 150 1991 111/4 11.258 Bous, Parkets (Suisse) SBC SBC 1989 1989 1969 100 100 100 100 108 108 2.758 3,250 of sets (Chemical 8.168 7.952 Not yet priced, I Final terrus, " Placement, I Convertible, I Floating rate note: coupen is agreed over six-search Liber. (a) Spread over 6-month hid and offered rate, " With wavrents. (c) Callable after one year, Note: Yields are calculated on AISD basis



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June 21, 1984

U.S. BONDS

Fed policy debate still dominates market psychology

MR PAUL VOLCKER, chair-under the Fed funds rate. But men of the Federal Reserve most saw it simply as another men of the Federal Reserve
Board, is due to appear before
Congress on Wednesday to
deliver the Fed's twice-yearly
essessment of the U.S. economy,
the state of its monetary policy
and its provisional monetary
targets for 1985.

With Congress now seriously
into the presidential election
swing, Mr Volcker can probably expect more than bis

swing, Mr Volcker can probably expect more than his usual rough ride. Yet the congressmen will undoubtedly get agend as they care. gressmen will undoubte as good as they serve.

The debate over Fed policy, in the face of a slowing, though still robust, U.S. economy, continues to dominate market psychology. Last week, with

U.O. INTEREST RATES

Fed lunds wookly overage
3-month COS
3-month T-Bills
3-year long bond
AAA whity
AA industrial
Oourse: Selomon Sro

the policy-making Federal Open Market Committee (FOMC) meeting on Monday and Tues-day, attention was focused more closely than usual on Fed market activity. As a result, trading was particularly

The first "signal" came on Wednesday when the Fed prowednessay when the red provided reserves through overnight repurchase agreements while funds were trading startly per cent. But perbaps even more significant, the Fed intervened on Friday to drain account the startly startly to the startly startl reserves through matched sales purchases when the funds rate had dropped to 11 per cent. Soma market analysis have

already concluded that the FOMC decided last week to maintain an even keel. As Dr Henry Kaufman, Salomon Brothers' chief economist, put ally fared well buoyed, it is suggested, by foreign demand after the salomon and it. credit," the message is "steady

non the reins."
Roughly translated, that means the Fed is happy—if not determined—to see the funds rate traded in an 11 per cent to

saw the draining action on notes, Friday as a clear firming action, placing a solid 11 per cent floor

rent degree of monetary restraint."

restraint."

The markets had been particularly nervous ahead of the Friday release of the May FOMC meeting report, in part reflecting the morning draining action by the Fed but also anticipating the revised second quarter received. quarter gross national product figures due out today. Most market participants expect the revised figures to show a big jump from the "flash" 5.7 per cent annual rate indicated earlier

earlier. The market Iscked direction or inspiration last week despite the signing of the new tax bill, which included the abolition of withholding tax.

At the close, Government

prices were between 1 and 1 point lower on the week. The Treasury long bond closed down in points at 10013 to yield 13.17 per cent while the 20-year Treasury bond posted the largest decline on Friday, dropping to 10233 to yield 13.34 per cent. Most short-term rates were little charged to slightly. were little changed to slightly higher on the week—underlining the dramatic flattening of the yield curve in recent weeks, Corporate bond prices declined slightly last week by about # gested, by foreign demand after the repeal of withholding tax.

Among the new issues Citi-corp sold \$250m of five-year 14; per cent notes at 14.2 per cent, Pacific Cas and Electric sold rate traded in an 11 per cent to \$250m of 14 per cent 10-year 11.5 per cent range.

Other Wall Street economists cial sold \$100m of 131 four-year

Sharp fall in syndicated Asia-Pacific loans

BY DAYID DODWELL IN HONG KONG

THE APPETITE of borrowers business expansion."

I talk to senior central bankers in the Asia-Pacific region for A number of bankers in Hong and Ministry of Finance staff syndicated loans has fallen Kong bave endorsed the in the region, there is a very sharply in the past six months, report's conclusion. One said: obvious concern not to go the according to a half-yearly report by the Hong Kong-based Asiabanking magazine.

The total of sovereign corporate and institutional borrowing in the region during the first six months of this year amounted to U.S.\$15.4bn, a 29 per cent fall from the first balf total last year of U.S.\$21.7bn, the report said. Out of this total, syndicated

Out of this total, syndicated loans fell 23.4 per cent, from U.S.\$9.95bn to U.S.\$7.6bn. The number of deals concluded slipped from 128 to 93. Bond business fell by 26.9 per cent, from U.S.\$8.87bn to U.S.\$6.47bn this year. Placements of certificates of deposit fell even more eteeply, by over 60 per cent from U.S.\$3.18bn to U.S.\$1.26bn. The report claims that the international banks remain "as committed as ever" to lending in Asia and the Pacific. It concluded: "This region has

slowing down, in balance of payments borrowing and this more than anything else to the clear exception in Asia reflects greater fiscal discipline, of the Philippines, which has disappeared as a borrower this year after borrowing over national development plans are scaled down."

Another banker confided: "As There has definitely been a

aled down." 1983 as it bas been engulfed in a deep financial crtsis.

way of some of the less

Trafalgar Housing in the black

BY OUR FINANCIAL STAFF

TRAFALGAR HOUSING, the of August 31.

Hong Kong property developer, has reported a modest HK\$15.2m (U.S.\$1.9m) sttributable profit for the year ended March \$1, against a HK\$645.8m folio and the burden of its loss the previous year. The unprofitable energy and mining company's turnover fell from interests in the U.S.

HK\$93.7m to HK\$58.48m and again it with pey no dividend.

Mr Kwan made clear that it is now concentrating on the

concluded: "This region has However, Mr M. K. Kwan, the Taipa shopping and residential it stand out from the rest of the world in the potential it offered the international financial egreement with its bank community for sustained egreement with its expiry date in metropolitan Portugal.

Carter Hawley sells book shop chain

By William Hall in New York

CARTER HAWLEY HALE the U.S. department store group wblcb recently founght off an unwelcome takeover bid from tts smaller rival, The Lamited, is to sell its profitable Walden-

"crown jewels" in the Carter Hewley empire and one of its main ettractions to potential bidders. As part of its defence against the unwanted overtures from The Limited, Carter Hawley gave General Cinema, a friendly suitor, an option to buy Waldenbooks for \$285m.

General Cinema has agreed to General Cinema has agreed to forego its rights for \$5m and K Mart, which operates 2,100 of thetwo major Canadian real (US\$113m) and completion is estata development companies with stock market quotations, a 400-room hotel, will follow. Will build, own and manage a roo,000 sq ft phase 1 office building project in central Edmonton coherently to ton, Alberta, for the Federal Covernment. The cost will be

Nu-West oil and gas assets to be sold

BY OUR FINANCIAL STAFF

NU-WEST GROUP, the troubled mainly of net proven reserves western Canadian property and energy company, has egreed to sell its Canadian oil and gas assets to two U.S. companies for C\$325m (US\$244m) in cash. sell its Canadian oil and gas sate, and 1.4m net acres of assets to two U.S. companies for undeveloped Western Canadian CS325m (US\$244m) in cash.

The sale, which includes the Canadian oil and gas assets of Nu.West's Voyagas Bassalesses of Nu.West's Voyagas Bassal Nu-West'o Voyager Petroleums unit, was a key element in the company's financial restructur-

watdenbooks operates 845 by most of Nu-West's creditors in all 50 states, making it one of the biggest retail book store chains in the U.S. It bas been described as one of the "crown jewels" in the Carter of the company's equity in the hands of creditors, the two largest of the proceeds would be used to pay certain Nu-West creditors, including about 8,000 debenture holders.

Nu-West said a "substantial portion" of the proceeds would be used to pay certain Nu-West creditors, including about 8,000 debenture holders.

Nu-West said a "substantial portion" of the proceeds would be used to pay certain Nu-West creditors, including about 8,000 debenture holders.

Nu-West, which expanded too fast in 1980 and 1981, was be used to pay certain Nu-West creditors, including about 8,000 debenture holders. of creditors, the two largest of by the collapse in property and which are Toronto Dominion energy values in the two Bank and Bank of Nova Scotia.

The assets to be sold consist a C\$232m loss last year. which are Toronto Dominion Bank and Bank of Nova Scotia.

Nu-West said a "substantial portion" of the proceeds would

of about 390 bn on ft of gas, 4.3m barrels of oil and conden-

resources company, and Transco

Energy, a Texas gas pipeline and energy exploration concern.

Alberta development for Trizec BY ROBERT GIBBENS IN MONTREAL

TRIZEC CORPORATION, one between C\$125m and C\$150m

Chairman for Air inter

By Paul Betts in Paris

M. Pierre Eelsen, a senior executive of the French state-owned RENAULT car group, has been eppointed chairman of AIR

at 14.2 per cent, at the first continued to be profitable in 1983, reporting and CIT Finand of 132 four-year at 16.

Paul Taylor

Althoogh Air Inter continued to be profitable in 1983, reporting a FFr 20m surplus and flying telecom to compete increasingly with Franca's high speed train the etwork whose development thous could further divert passengers plan.

eway from the domestic airline, sway from the domestic arline.

In the French telecommunications sector, a new chairman has been appointed at THOMSON-CSF TELEPHONE in what appears to reflect, according to French industry sources, disagreements in the current efforts to merge the telecommunications activities of the nationalised Thomson group with those of the other large French of the other large French nationalised electronics conglo-merate, Compagote Generale d'Electricite (CGE).

eppointed chairman of AIR
INTER, France's profitable
public sector domestic airline.

M. Eelsen, who is 51 end bas
spent most of his working life
with the Reneult group, replaces
M. Marceau Long, the former
Air Inter chairman who has just
been appointed chairman of AIR
FRANCE, the French national
airline.

Althoogh Air Inter continued
to be profitable in 1983, report.

deficiency GEE.

M. Jacques Darmon, the head
of Thomson-CSF Telephone, bas
now stepped down and bas been
replaced by M. Jean-Pierre
Magnen, who was deputy chairman of the company. However,
M. Darmon, a former managing
director of the Boussac-Saintbeen appointed chairman of AIR
Frees textile group, is remaining with the Thomson group
although his new function has
not yet been disclosed.
Thomson's public and private

Thomson's public and private telecommunications assets are being absorbed by CCE's Cit-Alcstel subsidiary as part of the letest French telecommunica-tions industry restructuring

INTERNATIONAL APPOINTMENTS



Mr Helmut Hoermann, execu-

headquarters office in New York New Zealand and Genestock NZ. P. T. Kalimantan Timur on East on August 1. Mr Pierre Jaquil-lard, vice-president — western Europe and north and west Africa, will be senior vice-presi-dent—western Europe, Gulf snd Africa, taking over most of Mr Hoermann's current responsibi-lities. Mr Jaquillard will continue to be based in Paris.

GOULD INC bas elected Mr James F. McDonald as president, James F. McDonald as president, chief operating officer and e company director. Mr David Simpson, who previously beld those positions, has been named vice-chairman of the board. Mr McDonald joins Gould after 21 yeers in key executive positions with Interoational Business Machines Corporation (IBM), His most recent position at IBM was as general manager of the manufacturing systems products busi-

Mr Dava Currey has been appointed president of GALLERY EDITIONS, the Canadian subsidiary of Athena International. Mr Currey will be responsible for the future development of Athena's retail and trade business throughout North America.

Mr Denald G. Stokes has been named president-director of P. T. KELLOCG SRIWIDJAJA (KELSRI), a Jakarta-bead-quartered Indonesian engineering and construction firm mperated as a joint venture of the M. W. Kellogg Company and P. T. Pupuk Sriwidjaja (PUSHI). Mr Stokes succeeds Mr R. Clark Goode who transfers to Amsterdam as managing director of Kellery Continents R. C. Stokes and C. Stokes has been president design of the America. Mr Stokes succeeds Mr R. Clark Goode who transfers to Amsterdam as managing director of the American Petrol Europa vice president — test and measurement, responsible for the company's electronic instruments operations. Mr Strong, most recently vice president design of the automation group at Tektronix. Inc., Beaverton, Oregon, will be based at the company's headquarters in Rolling Meadows, Illinois.

Mr J. B. Coffman, president and chief executive of Aminoil. In December 1981 as president and chief operating officer, following e 31-year career tive vice-president—operations of Hilton International, mast recent position at IBM was as general manager of the manufacturing systems products business unit, based in Boca Raton, Florida.

Mr Helmnt Hoermann, vice-president— Cyprus, Greece, Egypt, Arabian Peniosule, sod Eastern Africa, will be executive officer business products business unit, based in Boca Raton, Florida.

Mr Brian Talboys, former New director of operations from its founding in 1980 uniti 1983.

Mr Brian Talboys, former New director of operations from its founding in 1980 uniti 1983.

Mr Brian Talboys, former New director of operations from its founding in 1980 uniti 1983.

Mr Fred-Henri Firmenich has succeeded the late Mr Robert E. Firmenich as board chairman of the SEDGWICK GROUP NEW efter a brief field assignment as managing director of operations from its founding in 1980 uniti 1983.

Mr Fred-Henri Firmenich has succeeded the late Mr Robert E. Firmenich as board chairman of the SEDGWICK GROUP NEW efter a brief field assignment as president and chief operating as managing director of operations, former late in April 1984.

Mr Brian Talboys, former New director of operations from its founding in 1980 uniti 1983.

Mr Fred-Henri Firmenich has succeeded the late Mr Robert E. Firmenich as board chairman of Firmenich as board chairman of Firmenich as board chairman of Firmenich as president construction manager on the firmenich as board chairman of Firmenich as president contents.

Mr Brian Talboys, former New director of operations from its founding in 1980 uniti 1983.

Mr Fred-Henri Firmenich has board chairman of Firmenich as board chairm



Province of British Columbia

Can. \$100,000,000 131/2 per cent. Notes, Series BCEC-2, due 1991

Swiss Bank Corporation International Limited

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Amro International Limited CIBC Limited Deutsche Bank Aktiengesellschaft Merrill Lynch Capital Markets Orion Royal Bank Limited Union Bank of Switzerland (Securities) Limited

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NEW ISSUE

This announcement appears as a matter of record only.

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	Mt. Bk. Denmork 5% 8 Nat. Wast. Pero. 5 89. Oster. Land. 5% 99 Quasnaland Coal 5% 8	0 +0° 04 50°	99', 100 100 100 198', 96	A 11/8 A 10/1 A 11/16 A 11/16	10.56 11 1 12.46 11.19	10.1 10.1 12.1 11.1
l	Societe Gen. 84 94	02.	99% 99	15/9 - 23/8	10.18	10.

ML. Bk. Denmork 5°s 38 Net. West. Pero. 5 89. Oster. Lend. 5°s 399. Ousaneland Coal 5°s 98 Societe Gen. 8°s 94. Spain 5°s 97 Sweden Kndm. 5°s 2024 Takugin 5°s 94 Tokai 5°s 99 Avarage price cham	3000000000	100 198% 99% 99% 197% 99%	95% 100% 95% 95% 95% 100% 100%	11/8 10/11 11/10 8/11 15/9 23/8 22/9 15/9 12/12	12.44 11.19 11% 10.18 70.86 77.19 10% 12%	11.: 10.: 10.: 11.: 10.: 12.:
	Cnv.				Cbg.	
BONDB	date	price		Officer	day	Pre
Ajingmoto 3 99	2/04	1159	307	31.7	-14	-01
Dalwa Sec. Co. 5-2 98	10/83	481.81	192	401	0	_29
Fanuc 31, 99	1/94	9142	110	1111	-47	31.4
Fujitsu 3 99	5/84	7320	83	- 04	-34	-0.7
Honda Motor 54 98	6/83	194	1124	122	-2%	-13
Konishiraku Ph. 4 98	10/83	673	791	80	-0-	-0.4
Minsboa Co. 5½ 98 Mitsubisht Elec. 5½ 98	6/83	907	837	347	-31	0.5
Mitaubishi Heavy 44 99	1/94	253	22	82.7	-05	-04
Murata 31, 2000	2/84	2939	96		-14	25.7
Murata 31, 2000	7/84	2398	21	92	-2-	- 1.0
Nippon Oil Co. 31, 99	3/84	1052	777,	787	-14	-0.6
Nippon Oil Co. 54 98 Nissan Motor 54 98	4/83	700	867	87.	-24	-0.2
One Pharm. Co. 34 99	7/94	2480	1201	2267	- Š.	8.5
Orient Lessing 5% 98	6/93	2690	1041	1051	-21	75.8
Secom 5 98	11/23	2920	1437	145	-87	-1.6
Sekieui House 3 99 Sumitomo Corpn. 21, 99	6/84	612	957	96%	-13.	-0.4
Sumitomo Corph. 21, 99	5/84	563	74.	753	-24	-4.7
Yamanouchi Ph. 4 901 Nippon Oil 24 92 OwFr	3/44		H03	2020	-44	ىر 23
Nippon Shin, 2 92 SwFr	3/94	201	7973.	011	01 01	3- 4
Settsu Ppr. 24 92 SwFr	4/84	677	t 134	1341	_8 ·	90.1 -8 8
ASICS 3 32 VM	12/83	320	7007-	7011.	0	93 A
Sum Realty 64 92 OM	Z/83	305	140	141	-14	-4.1
© The Financial Times L or in part in any form	η σατ	сел	Repro	doctio	n in t	vhol
consent. Oats supplied	by Q/	ATAS	REAM	i inte	metion	al.

EUROBOND TURNOVER (nominal value in \$m)

clear Last week ... 10,449.7 16,957.3 Previous week 7,041.0 21,100.7 Other bonds Last week ... 1,695.8 1,179.2 Previous week 1,577.1 1,604.1

* No information available previous day's price.

† Only one market maker supplied e price. STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price e week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated Coupon shown is minimum. C.dte=Date next coupon becomes effective.

Spread=Margin above six-month
offered rate (three-month;
bobove mean rate) for U.S.
dollars. C.cpn=The current
coupon. C.yld=The current coupon. yield.

CONVERTIBLE BONDS: Denominated in dollars unless
otherwise indicated. Chg. day=
Change on day. Chv. date=First
date for conversion into shares.
Cnv. price=Nominal amount of
bond per share expressed in
currency of share at conversion
rate fixed at issue. Prem=Percentage premium of the current
effective price of acquiring
shares via the bond over the
most recent price of the shares. most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Cenerale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank NV; Plerson, Heldring and Pierson; Credit Snisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Pain, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International most recent price of the shares. Goldman Sachs International Corporation; Hambros Bank: IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Morman International; Orion Royal Bank: Robert Fleming and Co.; Samoel Montagu and Co.; Scandinavian Bank; Societte General Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Cundy.

Closing prices on July 20

ul.5. 1.6. 8.9 tt.a ua.25 1.8 4.5 17.8

Ray Maughan looks at the setback for Future Technology

Systems failure hits quotation plans

Future Technology Systems was confidently set for a full Stock Exchange quote, nr a flotation on the Unlisted Securities Market next year, but recent confirmation by Coopers & Lybrand that "there has been an simost complete failure of both computer and manual, financial and non-financial systems," means that these plans must be deferred for at least three years. This also supposes that new management and systems con rectify what Coopers has described as the company's "extremely serious financial position."

Trust and Castle Finance provided the important first tranche of outside capital in the following year.

New investors

By the summer of 1983, FTS was sufficiently established to attract a new phase of institutional backing which was handled by Smith Keen Cutler, but the provided the important first tranche of outside capital in the following year.

New investors

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tutional sbareholders — doubly so since FTS is still widely recog-

man bris

nised to have products which are sufficiently flexible, cost-efficient and advanced to support cone-dent sales and profit projections. FTS was founded in 1979 to develop and sell the ideas of Professor Martin Healey, head of the department of electrical and electronic engineering at the University of Cardiff. His work into advanced office computer systems

an almost complete fallure of both computer ond manual, financial and non-financial systems," means that these plans must be deferred for at least three years. This also supposes that new management and systems con rectify what Coopers has described as the company's "extremely serious financial poslicion."

Coopers findings, including the revelation that the company's books had not been written up since the end of February, have alarmed and infuriated its institutional sbarehnlders — doubly so since FTS is still widely recng-

The customer range included Office and Electronic Machine. Daisy Systems, Ferranti, Falcon and British Telecom Merlin. FTS indicated that its sples would indicated that its sales would double this year to over £12m and set its sights on turnover approaching £100m by 1988. One of the principal reasons for supposing that £TS can now get back on track is that its major customers continue to offer undiminished support.

advanced office computer systems was developed at the two plants
FTS set up at Belth, near Glasgow and marketed through a sales office in Knightsbridge.

He was joined at the outset by Mr Peter McHugh as managing director and Mr David Shear as marketing director. The Scottish Development Agency, Scottish Northern Investment Customers continue to offer undiminished support.

But, by the spring of this year, the Investors still had not seen any figures for 1983 and anecdotal evidence from customers suggested to at least two of the institutions that quality control had deteriorated to the point where it was having B severe impact on cash flow.

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m subscribe for or purchase any securities.

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

ISSUE

of up to 5,048,860 Convertible Redeemable Cumulative Preference Shares of 5 cents each

This advertisement appears in connection with the issue of up to

5,048,860 Convertible Redeemable Cumulative Preference Shares of

5 cents each ("The Preference Shares") pursuant to an offer by Gold Fields of South Africa Limited to acquire the whole of the Issued

share capital of The Clydesdale (Transvaal) Collieries Limited. The Preference Shares have been admitted to the Official List by the Council of The Stock Exchange.

Particulars of the Preference Shares are available in the Extel Statistical

- 6th August 1984 from:-

49 Moorgate,

London EC2R 6BQ

Services and copies of such particulars may be obtained during normal ... business hours on any weekday, except Saturdays, up to and including

Whatever the case, an indewhatever the case, an inde-peodent report was eventually commissioned from Coopers and Lybrand and the true facts of the financial position begon to emerge. The findings were stark. "Such management reports and board reports as bave been pro-duced have not been accurate and have not been based on financial facts," the accountants spid.

spid.

In particular "there was no adequate schedule of procurement requirements, no adequate schedule of future production for control purposes and, as a result it is uncertain whether existing stocks are appropriate to current production. There was no up-to-date or reliable sates forecast even for the shortest periods and there was no schedule of outstanding sales orders." standing sales orders."

Bleak future

The accountants stressed that this was very much an interim report and the firm bad not been report and the firm bad not been able to undertake any work on the profit forecasts, overbead evaluation or management information and financial control systems. But the report did show that net worth bad been eroded by £1.23m between the beginning of the year and the end of May to show a deficiency on sbare-

opinion as to what happened next. The company says that the dublers never voiced their fears but the institutions claim that the directors refused to heed the warnings.

Whatever the case, an indesided in the study's cash projections and its queries on debtors and its queries of attentions.

subscribed to a deeply dis-counted rights issue, raising £400,900, to provide time for Coopers to complete a full feasi-bility study. Sir Monty and a new corporate

Sir Monty and a new corporate finance team at Smith Keen Cutler believe that the results of that study with persuade investors to inject the additional capital of between flum and fl.5m which FTS needs to continue trading over the long term.

Sir Monty is now assuming full executive control and claims that the production bugs which did so much to disrupt production and absorb management time for two months this year bave finally heen ironed out. Overdrafts Bre falling and, above all. Sir Monty says FTS is proving itself capable of responding quickly and efficiently to customers' original equipment and spares orders.

spares orders.

It may be that the institutions. It may be that the institutions, which have so far invested comparatively small sums in this project. will be prepared to put more good money behind a good product. Either way, events at Beith bave shown that bigh risk, high technology can only co-exist with professional money managers when the lines of communication are futly open and frequently used.

Charter Cons: 'no target' for Hanson

Charter Consolldated, the British mining and industrial group, yesterday dismissed as "pure speculation" press suggestions that it might become a target for Hanson Trust, the industrial holding company

bolding company.
A spokesman was unable to comment on whether Hanson had comment on whether Hanson had built up a stake in the group, but be confirmed that Minorco, controlled by Harry Oppen-beimer's Anglo American Corp-oration and De Beers Consolida-ted Mines, had no intention of selling its 35.7 per cent stake in the group.

the group.

Neither bad Charter any plans t dispose of its 27.9 per cent stake in the precious metals group, Johnson Matthey said the epokes-

Atlantic Assets

THE NET asset value per 25p nrdinary share fell 15 per cent at Atlantic Assets Trust for the year in Juoe 30, 1984, from 130.68p to 111.56p, largely due to a decline in the value of Atlantic's technology boldings.
Net revenus rose to £801,000
(£271,000), after interest and expenses of £639.000 (£5.6m) and taxation of £341.000 (£329.0001. Earnings per share rose to 0.6p (0.16p1.

The directors have recommended a dividend of 0.5p (0.3p) for the year

Beazer left with a 16.9% stake after bid for Leech fails

C. H. Beazer (Holdings), the dator was "taking stock" before

C. H. Beazer (Holdings), the Bath-based construction and housing group, is left with a 16.9 per cent stake in Wittlam Leech following the failure of its 52t.45m bid for the Newcastle bonschuider.

By the Saturday deadline for its offer. Beazer had only won acceptances for a further 29.0 mere cent of the sbares, sufficient to give it control over 46.4 per cent of Leech. In spite of a 24-hour extension of the offer would be prepared to accept the bid uotil last week, when changed over its Friday level, and it needed another 3.7 per cent of the equity to win a majority stake.

Mr Simon Metcalf, a corporate finance director at County Bank, Beazer's advisers, said the pre-

London and Manchester making steady progress

London and Mancbester Group guaranteed income bonds climb-reports steady progress in new ing from £1.4m to £2.tm. FIXED INTEREST STOCKS life and pensions business, with new annual premiums rising 7

sold through the Life Broker Division rose 60 per cent from The new mortgage-related linked contract bas been well received in the market with

annual premiums of £500,000.

Single premium business sold through the Life Broker Division

However, new annual premiums on the Home Service from £6.3m to £5.7m. There was a form £3.7m to £19.2m.

However, there was a mixed sales performance over the period in the different sectors of the market. New annual premiums nn unit. The sectors of the market of the market

ing last year's sales boom in MTRAS-related business. New annual premiums in the Pensions Division fell 17 per rent to £1.4m, but single pre-mlums were up by a balf to £4.5m, even though premiums to the company's Transplant con-

through the Life Broker Division tract—which enables employees rose by more than 50 per cent from £7.4m to £11.1m, with permitums on linked bonds rising from £6m to £9m and sales of from £2.1m to £1.8m.

100 £10 £150 7973 8654 [1500]

De Vere agrees £3.8m sale of London premises

De Vere Hotels, which is sub- in cash for each share, or B share iect to an agreed bld from Greenall Whitley, will sell its four non-holel London premises to Mr Leopold Muller and Mr Leslie Jackson, De Vere's two ormer top executives, for £3.8m. Mr Muller, chairman until he sold his 51.2 per cent bolding to Greenall Whitley, and Mr Jackson, De Vere's former number wo and now its interim chairman, will buy the Connaught Rooms, the Mirabelle Restaurant and two Overtons fish restaur-

and two Overtons fish restaur-De Vere's minority share- extend discounts to some De solders are being offered 320p Vere hotels in due course.

who now get discounts at the group's botels, will instead receive the same discounts as Greenall Whitley's shareholders. Greenall Whilley

BIDS AND DEALS IN BRIEF

Messrs Charleon Sea Dimmock ment, Trumanns would acquire and Co, have been appointed to the outstanding minority at ct on behalf of the minority prires of 37p per ordinary and hareholders of James Austin ip per deferred chare payable in and Co, have been appointed to act on behalf of the minority shareholders of James Austin Steel Holdings, in connection with the proposed acquisition of these shares by Trumanns Steel Group, which currently owns 96.46 per cent of the issued

cash.

Marshalls Universal has purcbased in Grovewood Securities a further 200,000 new ordinary shared capital of Austin.

Shares makin gtheir total bolding
Under a scheme of arrange4.6m ordinary (28.5 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meatings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisione shown below are based solaly on last year's timatable.

TODAY

Interims—Allied Taxtile, Consultants (Computer and Financial), Nothingham Manulacturing, Syntarials, Temple Bar Investment Trust.

mora, Security Centras, Finals: Associated British (ing. Caledonian Offshore, FUTURE DATES

Manuseturing, Syntariaia, Folippie 62. Investment Trust. Martydown Wina, G. F. Lovell, Rex-

Granville & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212 Over-the-Counter Market

	Over-the-Ct	Junu	er w	IFKE	<u> </u>		
Capitelisali			Change	Gmra	Viald	P/I	E Fully
1900 s		D	Change	4 /5	, 1910	Actual	
6.016	Company	135	on wack	6.3	46	8.0	10.4
0,010	Ass. Bil. Ind. Ord	144	_	10.0	69		10.4
7 104	Ass. Bnt. Ind. CULS	55	=	5.4	11.6	B.0	7.3
3,184 925	Airsprung Group			1.4	3 B	B.U	
	Arm.laga & Rhodes	37					21.5
40.020	Bardon Hill	321	+ 3	B 6	27	12.9	
2.530	Bray Tcchnologies	46	– t	3.5	7.6	5.3	7.7
2.290	CCL Ordinary	190	_	12.0	6.3	_	_
	CCL 11% Conv. Pref	130	- 4	15 7	12.0	_	_
3,115	Carborundum Abrasives	520	_	S.7	1.1	_	_
1.628	Cindica Group	103	_				
5.156	Ochorsh Scrviccs	66	. —	60	9.0	35.3	57.4
14,895	Frank Horsell	231	- 3	_	_	9.3	12.2
_	Frank Horsell Pr Ord. 87	200 v	d + 1	9.6	47	82	10.7
3.611	Fredcrick Parker	25	_	4.3	17 2	_	_
646	George Blair	35	_	_	_	_	_
1,908	Ino. Pracision Castings	47	~ 1	73	15 S	13.0	16.2
16.602	laıa Ord	2170	- 5	150 0	69	_	_
_	Isis Conv Prel	328	_	t5 7	52	_	_
S.515	Jackson Group	107	+ 1	49	45	5.0	9 B
34.253	James Burraugh	227.	: - 2	13.7	6.0	B.0	ВΟ
_	James Burrough 9", Pf.	85	- 5	12.9	15 2	_	_
3,400	Lingusphone Ord	145	_		_		_
· —	Linguachone 105% Pf	100	4 1	15 0	160	_	_
11,540	Mininouse Holding N V.	420	_	3 5	09	30.2	33.I
714	Robert Jankins	70	- 2	20.0	28.6	B.1	63
2,340	Scruttons 'A'	49		5 7	11.6	25.8	60
1.928	Torday & Carisle	79	+ 1	_	_	8 5	1B.0
	Tmylan Heldings		· <u>· ·</u>		_	8.8	5.0
	Unitock Holoings		_		S.1	11.1	15 B
			_				9.5
			- 1			5.8	11 6
1,963 3,062 10,454 5,671	Trevien Holdings Unilock Holdings Walter Alexender VV.S. Yealas	433 194, 22 243	_	1 0 6.8 17.1		8.8	

95 F.P. S/B 180 106 Etam I Op ... 108 | 168 | 168 | 168 | 168 | 169 | 168 | 168 | 168 | 168 | 169 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 16

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	lasue . Price .	Amount peld up	Ronunc. dale	1984 ligh Low		Stoek	Closing price £
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	jl .	F.P,		75, 865,	Upton E. 10% Co	v. Una, Ln. 1990 15% ReO, Neb. 1994	97

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Issue . price	Amount paid up	Latest Repund, date	198 High	Low	Stock	Closing	<u>+•</u>
:		_	.118		<u>'</u>		<u>:</u>
50 :	NII .	7/8	32pm	24 pm	Anvil Pet, 20p.,	28pm	n:+4
A83.7	Nil	719 .	55pm	4Spm	Australia & N.Z. BankingASt	SSP	n!
A87.5	A84	215	842		Broken Hill PropAS2	380	-7
260	Nil		5Spm		Brown Shipley £1	42pm	nÎ
80	F.P.	31/B	97	90	Canning IW, I	94	"+ t
410	F.P.				Cater Allen £ t	420	
855	F.P.	1/8	273	245	Cookson 50p	250	.+5
19	F.P.	17/8	23	20	Hyman II & J. 5n	81	
13 .	Nil	8/8	bpm.		Kwahu 10p.,	3pr	n:
191	F.P.	29.6	217	183	Ladbroke 10p	188	+2
30	F.P.		52	41	Maishell'a Universal	48	+2
83	Nil	5717	12pm	3Pm	Mosa Roberti 10p	6pm	n:+2
ASO,65	NII	. 2716 .	. 26pm'	apm	North Kalgurii	8pr	n —t
125	NII	50/7	39pm	30pm	-Piet. Petroleum £1	35pr	
A44 :	AB2	_	242pm	122pm	Santos A0,25c	226pr	
250	F.P.		340		⊕Saxon Oil	330	1
385	F.P.	13/8	392	360	Systems Designers 5p	355	٠
45	F.P.	24/B	ı 55 '	46	Uniflex 10p	46	1

Renunciation date usually last day for dealing tree of stemp duty, b Figures based on groupectus estimales. b Dividend late paid or payable on pair of capital: cover based on dividend on full capital: g Assumed dividend and yield. u Forecast dividend code yield. u Forecast dividend code yield. Fouridand end yield based on prospectus of other official estimates for 1994. H Dividend and yield based on prospectus or other official estimates for 1984.84, Unividend and yield based on prospectus or other official estimates for 1984.84, Q Gross, proceed unless otherwise indicated. I issued by lender, (Official boldere of ordinary shares as a "rights." "Issued by way of capitalization, §§ Reintroducted. Itsued in connection with reorganization herges of take-over. Endicated Interest for fully-paid, ||| Introduction. If University over the state of the sta

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Announce-	*Lloyds Bank Aug 3	Interim 10.66
Date	ment last	LonrhoAug 4	Interim due
	Announce-	HouseJuly 31	Final 15
Date	mant lasz	*MarleyAug 8	Intenm 1.2
	year	"Midland 8kJuly 28	Interim 11.0
AcrowAug 4	Final nil	Morgan	
Anglo Amer		CrucibleSept t	Interim 3.5
Gold Inv Scpt 1	lgrerim 500c	*NatWestJuly 31	Interim 11.4
Aseociated	-	*Notes MenlgJuly 23	Interim 1.35
CainasAug 31	Finsl 1 75	Ocaan	
BP5api 1	Interim 7.0	TiansportAug B	Intolim 2.15
aabcock IntlAug 31	Interim 3.4	Property Sccs	
*Barcleys		Invast TstAug 10	Finel t.5
SenkAug 2	Interim 11.5	Queens Most	
*Bibby [J.)Aug 15	Interim due	HousesAug 25	Interim 0.665
Sluc Circle Aug 25	Interim 6.0	Raybetk Aug 76	Final 0.25
*BritoilJuly 27	Interim 3.3	•Ranlok Aug 21	Interim 0.675
*8rown (J.)July 24	Final due	*Royal	
Cadbury		InsuranceAvg 16	Interim 10.5
SchweppesSept I	Interim 1.5	SacuricolAug 10	Intarim 0.44
Charterhouse	Interim 2.025	Simc DarbySept 3	Final 6.B
GroupSept I -Commercial	Interim 2025	5lough	
UnionAug B	Interim 4.85	EstatesAug 24 Smith and	Interim 1.525
Cons Pionis Sept 2	Final 3 sen	NaphawAug S	Interim 1.4
ColahAug 18	1018r/m 1.5	Stend Chartd	Internm 1.4
Oa BearsAug 23	Intenm 12.5c	BankAug 23	Interim 9.5
*Oee CorpnJuly 25	Frnal due	Stock	1112011111 310
•Ganeral	-	ConversionAug B	Final 3
Acciden1 Aug 15	Interim 8	STCAug 5	Intenm 2.75
GlynwadAug 3	Injanm 2.45	Taylor	
GREAug 31	{ararım 7.75	WoodrowAug 23	Injanm 5 5
GKNAug 11	Interim 4	*TI Aug 9	Interim 2.5
HawleyAug 24	Interim 0.66	Tozer Kamslay	
Hoag	Final 3.0	& MillbournAug 1	Interim nil
RobinsonJuly 19	Final 3.0	UliramerAug II	Interim 6
*Hongkong and Shanghai BkAug 28	Interim due	Vospor July 14	Interim 2.0
Horizon	Interm one	WeirAug 30	Inianm 0.375
TravelAug 17	Injerim 0.88	ChemicalsAug 25	Interim 1.0
*1C1July 26	Interim 10.0	Charles In May 25	7110011AA 170
*LadbrokeAug 30	Interim 4.07	* Board meeting inlima	ared. † Rights
Lasmo Aug 73	Interim oue		Iree. § Scrip
*Lex ServiceJuly 27	Interim 3.75	asuc since made. 1 Fc	ecaet.

Today's Rates 111/4%-12%. 3i Term Deposits Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid half-yearly. Rates for deposits received not later than 27.7.84 are fixed for the terms shown: Terms (years) 3 4 5 6 7 8 9 10

Deposits to and further information from the Treasurer, Investors in Industry
Group ple, "I Waterloo Road, London State ISAP 1019-55", S.Z. Ext. 75.07.1
INVESTORS
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FINANCIAL TIMES STOCK INDICES

	2. 61	AWIAA		* FIANCE		our.				
	July 20	July 19	July 16	July 17	July 16	July 13	High	Low	Binee Co	mpilatn Low
Government Sees.	75,44	76,24	76.56	Té.79	76.81	76.74	85.77	75.24	127.÷	49.18
Fixed Interest	80.97	£0,69,	90.99	81.00	B0.94	P0.18	87.4B	80.89	150.4	50,53
Industrial Ord	776,2	764.7	769.8	770.5	775.0	770,7	922.2	764.7	922.8	49.4
Golo Mines	5.205	529.3	525,4	537,8	553,9	549.2	711,7	8.002	754.7	43.5
FT-Act. All-Shore	475,41	÷69,72	472,08	471. as	470.07	486.49	536.71	464.90	336.71	5!.92
FT SE 100	1009,2	1065.0	1609.6	1007.a	1005.0	99S.B	1141.6	991.4	1141.6 4	991.4

F.T. Share Information

The following securities have been added to the FT Share Information Service:

Brikat (Section: Electricals). North South Resources (Oil & Gasi, Petrolex (Oil & Gas), Reniers B (Industrials), Tuskar Resources (Oil & Gas), Wassall (J. W.) (Drapery & Stores).

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland

12 Tokenhouse Yard, London EC2R 7AN.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

(An agency of the Crown in right of the Province of British Columbia, Canada)

U.S. \$150,000,000 13%% Notes, Series FR, Due 1988

absolutely and unconditionally guaranteed as to principal and interest by

PROVINCE OF BRITISH COLUMBIA (CANADA)

The following have agreed to purchase the Notes:

Deutsche Bank Aktiengesellschaft

Credit Suisse First Boston

Morgan Grenfell & Co.

Orion Royal Bank

Morgan Stanley International

Algemene Bank Nederland N.V.

Lehman Brothers Kuhn Loeb

International Inc.

International Limited

McLeod Young Weir International

Société Générale de Banque S.A.

S. G. Warburg & Co. Ltd.

Swiss Bank Corporation

The Notes, which are to be issued at 100%, have been admitted to the Official List by the Council of The Slock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of a temporary global Note. The Notes bear interest at the rate of 133 and per annum from July 25, 1983. Interest is payable annually in arrears on July 26 in each year. The first such payment of interest will be due on July 26, 1985 and will amount to a full year's interest.

Particulars of the Notes and the Issuar are available in the statistical services of Extet Statistical Sarvices Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including August 6, 1984, from:

> Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

The Notes have not been registered for offer or sale in the United States and may not be offered or sold in the United States or to nationals or residents thereof.

Coss Pray.

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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WORLD VALUE OF THE POUND every Tuesday in the Financial Times

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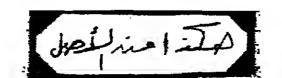
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WORLD STOCK MARKETS

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Continued from Page 17 Contin	Copies 275 70 18% 15% -ir FAISE 5 1 99 16% 16 19% -ir Capitar	16 25 10's 10's 10's 10's 10's 10's 10's 10's	1984 - July 20 Price High Low Knr. %	2,190 1,655 do. (Part Certs). 1,740 2,525 2,940 Credit 2019se 2,06P 2,890 2,500 Elektrowatt 2,550	SINGAPORE	66.5 23 FS Geduld
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£8m road orders for Rush and **Tompkins**

RUSH & TOMPKINS has won contracts worth £8m for road building. Work has started for the Department of Transport on be £6m A303 Andover-Thruston section improvement acheme on the msin trunk route from London to the West Country. The scheme will provide a further 7km of high standard dual carriageway which will now extend from West London via extend from West London via the M3 to the Wiltshire border at Thruxton. Work comprises construction of 5 km of dual carriageway in blacktop across mainly arable land including the old Andover airfield. Excavation is mainly in chaik and involves some 300,000 cu metres. For the remaining 2 km a second carriageway will be built alongside the existing road. Also in-cluded are three bridges, some side road allgaments and roundabouts. Completion is scheduled for February 1986.

Rush & Tompkins has a separate £600,000 contract from the Department of Transport for a single span railway bridge re-quired over the new A303 sec-

Nearby the £800,000 Andover southern distributor road con-tract has also been awarded to Rush & Tompkins by Hampshire County Council, It includes 1 km of single carriageway, a roundabout and a five span in situ concrete vladnet in the centre of the town. Completion is programmed for June 1986. Road and infrastructure work totalling over film is being undertaken at the Ashdale housing develop-ment at Nine Mile Ride, Woking-ham, Berkshire for Ashdale Land and Property and at St Mellons, Cardiff on an industrial estate for the Welsh Develop-

ELEMETA HOLDINGS has received a £2.5m contract for custom designed and developed two-hour glazed fire protection screens for the new headquarters of the Hongkong and Shanghai Baking Corporation. The glazed screening will be used to give two-hour fire protection to parts of the escalator and refuge

CONSTRUCTION CONTRACTS

£8m. City of London office project

SIR ROBERT McALPINE AND SONS has won a contract worth around £8m from Haslemere Existes for the construction of a major office development in the City of London. The site, comprising seven buildings, is at the junction of Cannon Street and St Swithina Lane and is bounded on two sides by these roads and partly, at the rear, hy Sherboroe Lane. The contract covers major on two sides by these roads and partly, at the rear, hy Sherboroe Lane. The contract covers major

HADEN DRYSYS, Birmingham, is to provide the design and construction management services of the paint lines for what could be the world's largest scooter factory. The factory, now being built, will be operated by BAJAJ at Poons, India, and will turn out 1,000 scooters a day, of completely Indian manufacture. The contract, worth just under £500,000, was negotiated in conjunction with Haden Drysys's Indian agents Josts Engineering.

J. JARVIS & SONS bas won eight contracts totalling over £2.3m in the south and north of England. At St Mary's Conof England. At St Mary's Convent, Ascot, a music centre is being built together with alterations to existing residential accommodation at a cost of \$410,000. The Wessex Regional Health Authority has awarded a £359,000 contract for a unit for the mentally handicapped at Calmore, near Southampton. Four industrial units costing £225,000 are underway at Hamilton Road SE27 for the London Bosough of Lambeth, and a £217,000 control building is under construction at London Transport's Neasden depot. Two refurbishment projects totalling £540,000 are to be carried out to provide new office accommodation in new office accommodation in Praed Street and Long Acre WC2. In Ashton-under-Lyne a £407,000 contract was awarded for civil engineering works on a large services duct at the Tame-side General Hospital, and a £200,000 pharmacy is being built for St Nicholas Hospital, Gosforth.

A contract to supply the curtain walling and windows, worth overfim, for Stuart House, Peterborough, has been swarded to ALLAN H. WILLIAMS. Stuart House, a four-storey 120,000 sqft office building, is scheduled

Lane. The contract covers major demolition, refurbishment to a very high standard of the remaining bulldings including a mediaeval vault, and the construction of huildings behind the existing stone and hrick facadea. Construction of the buildings will be of reinforced concrete frame on pad foundations. On completion the development will provide 91,000 sq ft of office accommodation in four separate units ranging from three to six storeys. Work has begun and is due for completion in June 1986. ings which when complete will offer 304,000 and 312,000 aq ft respectively of net lettable office space together with retail, leisure, residential, parking and other accommodation. Work has a scheduled completion date of March/April 1986.

> HENRY BOOT INTER-NATIONAL is to undertake river training works to improve the flow of the Ng Tung river at Lo Wu on the Hong Kong/People's Republic of China border. The 1.4km atretch of river affected is to be widened, the river banks strengthened and in general reduce the risk of flooding adjacent railway marshalling yards and surrounding area. The client is the Government of Hong Kong, engineering development

Tilbury has £6.4m batch

TILBURY CONSTRUCTION has won a betch of contracts worth £6.4m. Among them is one from Hounslow Borough Council,

worth £1,2m, for repairs and renovations to pre-war council housing in Brentford. A 900,000 contract from RTZ Estates will contract from RTZ Estates will involve the construction of a pumped surface water outfall from the Tunnel Estate, West Thurrock, Essex, info the Thames 1.000 yards away. This project includes a pipebridge over the main London to Southend rallway and an outfall across the Thames foreshore ralsed on case piles. From the Borough of Paper Company's paper mill in piles. From the Borough of Croydon comes an £850,000 contract for the construction of a four-storey block of 30 sheltered homes with communal rooms and warden's flat at Addiscombe

SIR ALFRED EcALPINE & SON (NORTHERN) has been awarded a sub-contract worth almost £420,000 for construction work at Manchester Airport. The sub-contract entails carrying out structural concrete work on the extension to the existing international departure lounge and new control tower. The project is being undertakan by the management contracting division of A. Monk & Co. Work started in May ann will continue until the end of the year.

WALTER LAWRENCE & SON has won a £850,000 contract from the London Borough of Haringey to construct Phase VI of the Middlesex Polytechnic development in Bounds Green Road, London N11. Work consists of the completion of specialist accommodation for the mechanical and electrical engineering schools including the microscopy suite, material science laborabrittle lacquer laboratories and lCI agricultural division's laboratories for the civil angineering school. Walter Lawrence will also construct changing rooms and a multi-purpose won the contract valued at over sports hall and carry out the preliminary work for a large multi-purpose hell and teaching rooms. The project will be completed at the heginning of May 1985. suite, material science labora

PERMUTTI-BOBY — PORTALS WATER TREATMENT has been awarded 8 contract worth in Corporation's Port Talbot works in aouth Wales. The plant, designed for oil separation and the clarification of mill scale, is one of the largest steelworks one of the largest steelworks water treatment developments in the UK. A water recirculation system "polishes" 6,000 cu metres per hour to a very high quality for the cooling circuits in the new 80 in hot strip mill. The final specification for the proceed water to English on the

Peper Company's paper mill in north Wales, worth around £4m. They cover the supply of 12 high voltage a.c. synchronous motors for refiners with ratings between warden's fiat at Addiscombe
Rosd. The contract is due to last
62 weeks. Tilbury's Belvedere
office has won a £570,000 contract
tional a.c. drives for winder

GILBERT ASH, part of Bovis, has won over £2m of building work in Scotiand. Three projects constitute the bulk of this total of which the largest is for Cumbernauld Development Corporation consisting of the conversion of 35 penthouses into office suites at a cost of just over £1m. This project is due to be completed in October 1985. The second is the Institute of Terrestial Ecology for the Natural Environment Research Council. Work consists of the erection of a laboralory and office extension a laboratory and office extension to an existing complex on the Bush Estate near Penicuik, Mid-Bush Estate near Penicuik, Midlothian, and is worth over
£500,000. The general works
division has won a re-roofing
contract worth nearly £300,000
at H.M.D. Rosyth for the Property
Services Agency and a project
for The Boots Co in Sauchlehall
Street, Glasgow.

won the contract valued at over £2m with a competilive tender. The task is to insert two new aections of e steel pipe bridge around the elevated main services which run parallel to Ammonia Avenue. The structures will relieve the bridge now carrying the main servicea. The old hridge is then to be progresalvely dismantied as the load is transferred to the new support transferred to the new support steelwork. The 1CI programme calls for the completion of fabrication in 12 months hy November 1984. Erection has to he completed hy Anril 1985 so the project can be commissioned in May of that year. Cleveland Redpath Engineering is next of the structural preparer. is part of the structural engineer-ing division of the Trafalgar House Group.

Wates Special wins £6.2m council jobs

WATES SPECIAL WORKS has secured £6.2m-worth of public sector contracts. For Test Valley Borough Council, Wates is to carry out a £2.7m contract for remedial works to 140 houses and 12 bungalows at King Arthur's Way, Andover, Hampshire. The project, which enlails the erection of a new brick envelope to project, which enfails the effec-tion of a new brick envelope to front and rear elevations and the provision of pitched roofs, is planned to commence in Septem-ber and finish within 78 weeks. The London Borough of Camden has awarded a £2m-plus contract for modernisation of 131 dwell-logs in six postwar seven-storey lngs in six post-war seven-storey hlocks 8t Cromer Street, WC1. hlocks st Cromer Street, WCi.
Carried out with tenants in occupatioo, the project will commence this month with a completion date of January 1986.
On a number of London Borough
of Houslow estates, Wates has
won a £1.5m contract of external
repairs and renewals. Undertaken
with tenants in occupation, the
contract commences in July for
completion within 40 weeks.

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WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 18

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TradingNot TradingVol 79,086 85,230 78,640 82,890 73,420 — Day's high 1109.10 (1114,07) low 1092.42 (1098,28) July 13 ' July 6 June 28 year ago(approx) Industrial div. yield %

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July 20, July 19 July 18 N.S.Y.E. ALL COMMON | Issues Traded | 1,938 | 1,956 | Ruses | 494 | 479 | Falls | 297 | 975 | Unchanged | 447 | 501 | Hew Hights | 4 | 6 | New Lows | 137 | 149 | July July July July 20 19 1a 17 High Low 86,2186,68 37,25 27,76 87,71 86,17 July July July July ao 19 1a 17 High Low Metais & Mints. 1695.8 1790.9 : 1719.5 1739.1 2524.4 (12/1) 1695.2 (20/7) Composite 2119.9 2189.5 , 2/51,6 2183.8 2585.7 (9.1) 2119.6 (20/7) MONTREAL PORTIONO | 102.46 168.21 104.36, 104.89 127.83 110:11 103.81 (1271) **NEW YORK ACTIVE STOCKS**

Stocks Closing on traded price day 764,400 28% - 1% 779,400 771% + 1% 779,400 22 -1% 667,400 18% - 2

AUSTRALIA All Ord. 11/1/801 Metal & Minis, 11/1/80/ 680.9 683.5 876.8 078.6 787.8 19/11 646.5 18/01 415.2 421.0 417.8 1 420.5 567.4 (51) 412.5 12.71 AUSTRIA Credit Alktien (2/1/52) 65.52 . 59.55 53.52 | 63.57 56.21 (2/1) aelgium Belgian SE (61/12:65) 141.64 - 147.01 141.61 : 141.68 156.25 (7/6) - 135.28 (4/1) CENMARK MARK enhagen SE (0:1/00/ : 186,25 | 195,57 | 196,68 | 199,54 | 225,21 (20,1) | 178,27 (1/5) FRANCE CAC General | 51/12/821 | 168.0 | 102.6 | 165.5 | 180.2 | 161.7 | 5.5) | 101 | Tendance | 18/12/821 | 192.0 | 104.4 | 108.7 | 106.9 | 115.9 | 15/31 DERMANY | 101/12/1581 | 324.1 | 325.50 | 328.31 | 525.64 | 570.54 | 2.21 | 274.1 | 2017) | 524.21 | 325.50 | 327.9 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325.50 | 325 NONE KONG Hang Sena Bank(51:7/84; 601.15 787.65 761.88 .751.69 \170.35 .15:1: 746.02 .15.7: TALY Sanca Comm Ital. (1072; 209.10 208.40 205.89 207.58 228.57-1/2) 192.06 (2:1) JAPAN** Nikkel-Dow | 18/5/49) Tokyo SE New |4/1/691 NETHERLANGS ANP-CBS Ganeral (1070) ANP-CBS Indust (1970) 150.8 | 150.9 | 152.8 | 153.9 | 178.8 | 172 | 122.5 | 122.5 | 125.7 | 124.2 | 147.2 | 172.7 NGRWAY Delo aE :4/1;851 244,14 : 248,51 248,52 245,38 296,70 (8:5) 221,97 (4.1) SINGAPORE Straits Times (1966) 871.77 977.90 875.14 875.03 1071,01 ,21 , 867,26 :12/71 20UTN AFRICA Gold (1959) 1075,0 15/8: | 755,1 :24/11 | 105,5 :28/5: 946,9 :28/7 546.5 979.9 870.8 902.5 654.7 950.2 947.6 960.4 APAIN Madrid 6E :50:12:60: 127.70 127.45 127.07 127.11 128.77 (11/7) 101.02 (5/1) SWEGEN Incobson & P. (1/1,58) 1469,47 1471,87 1477.58 1481.55 1594.5 (5/2) 1,588.00 (29/5) SWITZERLANO AwiesBank Cpn. 151112:55: 360.6 660,7 522,0 : 361,5

** Saturdey July 14: Jagon Nikkei-Oow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Matala
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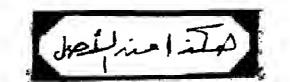
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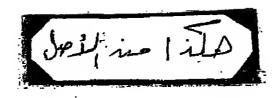
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Financial Times Monday July 23 1984 Liberty Life Assurance Co Ltd Station Rd, New Barnet 01-440 8210 48, Gracercharch 51, EC3P 3HH. 01-0214200 1990 1990 1990 1990 1990 1990 1990 1		## Narine Middand (CI) Ltd Stronghold Management Limited
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Financial Times Monday J	uly 23 1984					23
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February Standes Metatorit 60 18 e 94.7 20 10.0 7.2 August Stander Freeworks 25 27 28 5 9 6 5 6 9 6 6 6 9 6 9	Adjust Rediffeder & RP	Feb. Oct. Dates (March	Apr. Oct Scot. East. Inv	118 [26.3] 3 35 0.9 0.1 Aug. Decli- 200 4.6 47 1.0 3.4 May Oct.IJ 287 12 3 7.7 0.9 3.6 May Oct.IJ 167 4.6 14.0 1.1 3.4 Oct. 97 5.6 3.20 1.1 4.8 Oct. 406 27 2 11.2 5.1 0.0 4.0 Apr. Decli 87 14.5 3.21 0.5 3	subsyllamest) 222 18.6 5.5 2.3 6 a 7.7 First Fankle Int Sc. 44 90 12.6 6 2.7 818 & Duthus 158 14.5 10.0 1.7 9.0 7.9 11 Num. C10 5.681 20.5 10.2 4 2.4 128 14.5 10.0 1.7 9.0 7.9 128 2.5 10.5 10.6 1.7 128 2.7 2 40 1.3 10 0 10.0 128 2.7 2 40 1.3 10 0 10.0 129 2.7 2 40 1.3 10 0 10.0 120 2.7 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 2.7 2.7 120 2.7 120 2.7 2.7 120	Feb Aug/Estien Ins. (in. 50c.) E14 2.7 0900 ♦ 1.6 For Echa Bay Mines see Canadens Sept Feblitampton Areas 10p 165 3012 3.75 ♦ 3.1 May Aug/Interestable Nine (in. 50c.) E18 10-5 020c 8.9 Dit. July 12 550 977
Oct. MaySunight Serv. 100 . 212 14.5 7 0 2 5 3 0 10 4 Feb. Aug Sanciffe Sprak 23 179 — — — 31.3	Dec May Germose 125 9-4 11.0 1.8 8 59.8 01 May OcilBoase Massimi Pl. 455 50.4 55 27 1.730 9 1.00 1.00 1.730 9 1	DCL Mard Dc. 42 200	Jan. AprilShres Inv. 50p Dec. JuniSPILIT no 10p SPILI Cap 10p Lo. Warrarts Do Curl Ptg Prel Dec. JulyStewart Ent Inv 10p May IS noteers Far Eas \$ 1 Jan JulyStochwaters Ine	194316.7 11 81 1.0 6.7 Feb. Aug 6 12 12 13 14 5 17.76 0 11.8 Jan. July 5 Jan. July 6 12 12	PLANTATIONS PLANTATIONS Last Div Viet	NOTES
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— \$€(in/bona Hiogs 105 — 92.8 ♦ 3 6 ♦	August G.S. Papers 72 15 15 6 1.5 6 3 3.0 4 7 1	Mar. Oct Sett 200	Feb Septil P I notes Corpn. Mar. Oct Temple Bar Mor. Throd, Growth Do. Cap L1 Apr. Augithrogenon Do. Warrant Mar. Noritor Invest Inc Mar. Noritor Invest Inc	103 3012 3 4 6 4 8 April Scottle 90 27.2 4 2 1.0 6.7 37 27 2 279 1.1 10.8 214	nghlands M50c	of stribution and rights. "Tap Stock" Highs and Lows market thus have been adjusted to allow for rights cases for cash, Interim since increased or resumed, Interim since increased or resumed, Interim since increased or resumed, Interim since reduced, passed or deferred, Ital-lee to non-residents on application. Figures or report awarted, Natiolifically of instead on Stock Euchasion and company not subjected to USBI; not listed on Stock Euchasion and company not subjected to
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May Dec(Walker Hum 50 1295 1 128 1	July Jankfore 0 Ferr 10p 73 145 3.3 18 6.5 10.4	TOBACCOS July No. SAT Inds		214 13.2 18.2 1.0 5.6 Aug. Feb. E	Central Rand when Deep R1	Statement. Cover adding for conversion of shares not now ranking for dividends or ranking only for restricted dendend. Cover does not allow to shares which may also rank for dividend at a nature date. No PrE ratio usually provided. No par value.
Mar. Sept. (Mestin. Board 10p. 200mf16.7 8.00	Jan. JulySmarth Lerran 1 150 4 6 11.5 11 5.4 17.5 12 15 15 15 16 1	TRUSTS, FINANCE, LAND Bireleends Last Bie YM Paid Stock Price xd Net C'eri@r's Investment Trusts Dec. June Aberdeen Trust. 129 14.5 34.6 10.5.3 Jan. Sept. Aulia 100. 14.5 34.6 10.5.3	July Nov. Arceleasts mass 21 1 25 July Do 5% Cum Pri Ct 1 2 July Argyle Trust	776 INS. & FILE 6.01 S.4 6.8[4.9] 1 1 1 1 1 1 1 1 1	Cors Modifies 5c. 387 — 015c \$\phi\$ 2.0 ist Oagga R1 248 2781 — 866 14.5 Q625c 2.5 6.6 notive 25c	B.F. delutan Francs. Fr. French Francs 69 Yelo based on assumption Treasury Bill Rate stays unchanged until maturny of stock. a Bar, free. In France, based on prospectus or other ofter estimate. A Cents. of Owderd rate paid or payable on part of coprata, couse based on chindren on tull capital, e federation wield, if Flat yield, g assumed dworderd and yield. It Assumed dwidered and yield after scrip rister, if Payment from capital sources, it kenve as interval higher than previous total. It Repairs size generation, g Earmings based on preferensary fugures, a Dividend and yield exclude 4 special payment. I indicated dwidend: conver release; to previous dwidends. P. E. ratio based on latest annual earmings, it Forecast dividend: cover based on previous year's earmings. Y Subject to local Lts. a Emidend cover in excess of 100 Lines. y Dividend and wield based on merger terms. I Dividend and yield include a special favoreties cover dose not entire.
Supplementary Supplementar	PROPERTY Jan. July/Abaco linvs 100 13 1411 1761.33 3.5 2 1 18.5 Apr. Oct. Agres. Props 10p 100 123 20 20 2 64279 Mary. Oct. Agres. Soc. 553 212.1 1451 101 3.9434 9	Oct. May/A/harte 7ris2. 465 12-3 13-5 1.0 19 5 Nov. JulyiAnthus Inc. 57 14-5 1 7.6 1.0 19 5 Nov. Julyi Do. Cantal 340 14-5 (39 - 02 Nov. May/Ana Interpret 1 ris2. 205 2.7 8 0 1.0 5.6 Doc. Julyi/Anthrone Inc. 59 14-5 8.4 0 9 20.3 Doc. Julyi Do. Cap. 161 9 Doc. May/American Tris2. 93 94 2.5 12 3.8 — Marerican Ts. 18 90 5 12 3.8	August Barrelin & Fin 2/sp. 1 August Barrelin & Fin 2/sp. 1 May Bonasboro pins & E. E. July Bonasboro 100	105 FQ10C - 0.7 Mar. Sept. 5	sile 65	y Ondered and well based on merger serms, a Danderd and well include a special payment. Cover does not apply to special payment. A feet dividend and yield. B Preference dividend passed or deterred, of Canadam. E Minimum nember price, F Dividend and yield based on prospectus or other official estimates for 1983-84 8 Assumed dividend and yield based on prospectus or other official estimates for 1983-84 8 Assumed dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. K Figures based on prospectus or official estimates for 1985-86. N Dividend and yield based on prospectus or official estimates for 1985. Figures based payment of the official estimates for 1985. G Grass. T Figures assumed. Z Dividend total to cate active the results of 1983. G Grass.
Fo Ma Au Holate andre & Aurander . \$143-77 4 051.00 5.3	Way Waysmark Int. 19 13 1.61 2.8 2.8 1.8 1.6 1.8 2.8 1.8 1.8 1.8 2.8 1.8 1.8 1.8 2.8 1.8 1.8 2.8 1.8 1.8 2.8 1.8 1.8 2.8 1	Sept. April Anglo - Int. D v Silva - 2 e.5 1 3 16 1 John Box Sapt. Int. 120 145 27 1 0 3 2 Aug. Fed Architectes Int. 120 145 27 1 0 3 2 Aug. Fed Architectes Int. 120 145 27 1 0 3 2 Dec. June Wargo Int. 154 511 202 11 5 5 Aug. Mar. April Committee 154 202 202 202 202 202 Aug. Aug. Aug. Aug. Aug.	Jan HE dirty of 1 Van et 1 Jan Seople Energy for. 10p 3 Mar. Seople Energy for. 10p 3 Mar. Seople Energy for. 10p 3 October E 1 and 10p 3 Crobber E 1 and 10p 3 Crobber E 2 And 10p 3 Crobber Security for an indicator for. 72 Crobber Security for an indicator for. 72 Crobber 3 Crob	5 Ce 2 223.8 2331.4 Feb. Aug B 50 161 1 771.20 6.28.5 Feb. Aug D 70 172 08-61 071.4 Aug D 84 304 97.512.9 2813.8 Mar SeptE 84 304 00 61 Feb. Aug B 55 211 06.5 88 1.236.5 Feb. Aug B	pombnetein R1	REGIONAL & IRISH STOCKS
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	Main Amag Properties 266 Nov.		100 100	Be T	10 10 10 10 10 10 10 10	A selection of Options traded in given on the Landon Stack Exchange Report page. "Recent Issues" and "Rights" Page 12 This service is available to proceed the control of the service is available to proceed the control of the service is available to proceed the control of the service is available to proceed the control of the control
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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound and dollar end firm

BY COLIN MILLHAM

Sterling failed to show much reaction to the agreement in principle to end the UK docks strike, but gained ground against most major currencies on the week, apart from the The pound touched a low of \$1.3110 op Wednesday, the same day the dollar rose to a ten-year peak against the D-mark; a seven-year high in terms of the Swiss franc; and record lovels against the French franc and Italian

Sterling's trade-weighted index rose to 78.7 from 78.2, but finished virtually unchanged against the doller at \$1.3235-1.3245, compared with \$1.3230-1.3240 at the end of the previous week. On the other hand tho pound rose to DM 3.7825

OTHER CURRENCIES

THE POUND SPOT AND FORWARD

• Selling rates.

Changes are for Ecu. therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

EMS EUROPEAN CURRENCY UNIT RATES

One month

Y319.50.

The peaks touched by the dollar oo Wednesdey were DM 2.8650; SwFr 2.4225; FFr 8.7925 and L1,753. It was also at the highest level since last September against the Japanese yen at Y243.95. On Monday, Dr Henry Kauf-

men, chief economist of Salomon Brothers, forecast that "the peak in interest rates is not near, both in terms of level and when it will occur." This followed publication of a rise of \$10.23bn in U.S. consumer credit in May, a much bigher figure than expected, and com-pared with only \$6.41bn in April.

from DM 3.75; FFr 11.6100 from
FFr 11.4875; SwFr 3.2025 from
SwFr 3.18; and Y 323.75 from
the dollar was given a further
Wall 50 lift on Wednesday when President Reagan signed the bill repealing the 30 per cent with-bolding tax paid by foreign investors in the U.S.

The rise in weekly M1 money supply published Thurs-day was not as high as expected, but bed little impact on the market which now awaits today's revised figure on second quarter gross national product growth, and Mr Paul Voicker, chairman of the Federal Re-serve Board, Humphrey-Hawkins testimony to Congress on Wednesday. These are probably the two most important E forward retes in U.S. cents discount.

things happening as far as financial markets are concerned this week. Anything less than the earlier flash estimate growth of 5.7 per cept in second querter GNP, and some fairly aggressive talking from Mr Volcker about the continued priority of fighting inflation. is likely to depress the very strong

On the other hand past experience has proved that it is not worth speculating against the dollar in these circumstances, and on this basis thero were no obvious sellers of tho U.S. currency on Friday. £ in New York

July 20 Prou. close eget \$1.3230-3240 | \$1.3255-5255 1 month | 0.07-0.05 pm | C.11-0.06 om 2 month | 0.03 cm | 0.02 dis | 12 cm | 0.7 dis 12 months | 1.50-1.60 dis | t.00-1.15 dis

FORWARD RATES AGAINST STERLING

D-Mark 3.7825 3.7615 3.7256 3.6827 11.6100 11.6127 11.6288 11.702	011 3.0022
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· July 20 July 13	j July 20 j July 1	3
Bills on offer £100m £100m Total of applications£615.96m £581.0m	Top Accepted rate of discount. 11.35113 :11,451	 3%
Total allocated £100m £100m Minimum accepted Old £07.17 £97.10	rate of discount 11.3391% 11.396 Average yield 11.67% 11.78	e \$
Allotment at	at next tender £100m £100m	п

imum levef.... 80% ' 55% THE DOLLAR SPOT AND FORWARD

	пау в			76	Tures	70
July 20	opraad	Closs	One month	p.s.	months	p.a
UKt	1.3215-1.3250	1.3235-1.3245	0.87-0.02c pm	0.41	par-0.05 die	-0.0
relandt	1.0730-1.0780	1.0730-1.0740	0.07-0.16c dis	-0.78	0.40-0.54dls	-1.0
Ceneda	1.3280-1.3300	1.3280-1,3285	214-114c pm	5.62	57a-53a pm	5.27
Nerhind,	3.2110-3.2260	3.2240-3.2260	6c pm·1 dis	0.39	13-3 om	0.42
Pelorum	57.60-57.85	57.77-57.82	1.65-0.45ore Pm	0.91	3.35-2.15 pm	0.80
Den mark	10.414-10.444	10.434-10.44	0.08-0.20p dlo	-1.36	0.30-0.50dia	-1.30
W. Ger.	2.8440-2.8595	2.8575-2.8585	24-1'spt pm	0.54	578-612 pm	6.0
Portugel	150-153	150-153	120-395c dis	-15.30	355-900dis	-12.4
Spain	191.65-161.95	161.80-161.90	25-55c die	-2.24	125-170 dis	-2.10
ialy	1751-17564	175412-175512	6-9 lire dis	~3.87	23-27 dis	-4.30
Varway	8.24-6.26	6.251-8.26	0.50-1.55ore dis	-1.13	1.45-2.55dis	-0.73
France	6.7300-8.7730	8.7600-8.7650	¹ ₂ c pm- ¹ ₂ dis	_	4-2 dis	-0.47
sweden	6.2942-8.314	6.301-8.31	0.80-1.90ore dis	-1.47	2.50-4.00dis	-1.25
Japan	243.20-245.00	244.80-244_90	1.70-1.55y pm	6.02	4.68-4.50 pm	5.67
EnteuA	10.96-20.05	20.01-20.02	12 ² -10 ⁵ gro pm	5.23	344-31 pm	4.96
Switz.	2,4055-2.4200	2.4170-2,4180	24-14c pm		574-51- pm	7.10
	gian rate le fe	or Convertible	Iranes. Financia	franc	77.10-77.20,	,,,,

Six-manth lorward dollar 0.50-0.55c dis. 12-manth 1.45-1.60c dis. **CURRENCY MOVEMENTS**

CURRENCY	MOVE	MENTS	CURF	REN	CY RA	TES
July 90		Morgan Gueranty Changees	July 20	rate &	Orawing Rights	Europe Currer Unit
Sterling	79.7 130,2 88.0 114.9 89.9 77.0 164.4 141.8 113.6	-11.7 +24.7 -4.9 +4.3 -10.7 -0.2 +7.6 +7.7 +3.0 -15.9 -12.8 +10.0	9terling	13,24 413 11 7 412 912 1512 8	20,4123 59,9434 10,6131 2,90845 3,28391 8,92924 1788,29 247,590 9,39087 161,725	0.5922 0.7933 1.0413 15.704 45.329 9.1774 2.2382 2.6260 6.9701 1370.4 101.52 6.4660 129.81
Morgon Ouoranty 1980-1982-100, 9er (base sverage 1975	nk of Engl		Greek Crich frish Punt * C\$/SOR	2012 1234	0,948492	89,119 0,7293

EXCHANGE CROSS RATES

July 20	Pound St'rling	U.S. Del ar	Dautscho m'k	J'panese Yen	FronchFranc	Swiss Franc	Dutch Gulld	Italian Lira	Canada Oolla	r Selgian Fran
Pound Storling	0.759	1,524	3.765	393.6	11.61	3,203	4,270	2324	1.759	79.50
U.O. Dollar		1,	2.958	244.9	9.763	2,419	3,265	1755,	1,329	67.80
Oeutschemark	0,264	0.850	11,68	95,59	3.069	0,847	1.129	014.3	0.495	20,32
Japanese Yen 1,000	8,089	4.090		1000,	35.89	9,892	13.19	7177,	0.430	236,3
French Franc 10	.0.861	1,140	3,258	979.9	10	2,758	3.679	2001	1.514	85.90
Swies Franc	0.312	0,413	1.191	101.1	3.695		1.335	726.5	0.549	23.99
Dutch Guilder	0.234	0.310	0.889	75.82	2.719	0.750	1.939	544,1	0,412	17.92
Italian Lira 1,000	0,430	0.570	1.029	139,3	4.997	1.378		1000,	0,757	36.92
Canadian Dollar	0.669	0.763	2.162	164.2	5.604	1,922	2,429	1322	9,299	43,52
Belgian Franc 100	1,307	1.731	4.944	423.9	15.19	4,186	6,582	3037.		100,

EURO-CURRENCY INTEREST RATES (Market closing rates)

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July 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guildor	Swiss Franc	D-mark	French Franc	Italian Lira	Beiglan Fr	rano Fin.	Yen	Danish Kroner
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MONEY MARKETS

Rates ease on docks settlement

An unexpected end to the docks dispute brought about an easing of London money market intorest rates on Friday. The week began optimistically onough, with interbank rates falling by about 3/16 per cent on Monday following a better trend in U.S. credit markets at the end of the previous week, and optimism about an early softlemont to tho docks disputo. It was tho strike in the edocks disputo.

U.S. The Federal Open Market Monday Volcker, chairman of the in the economy before deciding whether to push up rates. The somewhat divided on whother give testimony before the U.S. misso of only \$1.7bn in U.S. Million present policy and whether incomplete there has been any recent the markets at the outcome earlier than usual.

At the moment there is optimism in New York and London quarter gross national product that the Fed is cautiously sortlement to the docks dispute.

MONEY RATES It was the strike in the docks which formed the keep to interest rate movoments, although the market also kept a watch-ful oye on events in the U.S., particularly the forecast by Dr Honry Kaufmap of Salomon Brothors about higher U.S.

After easing to 117 per cept Monday three-month intorbank rose back to around the 12 per cept level Tuesday; to 12% per cont Wednesday; and to 12% per cept Thursday. In an initial reaction to the pows from Acas about the docks the rate fell back to 12% per cent Friday of the control of the control of the cent for the ce

day morning. With this major worry for the market out of the way attention will switch back to the

FT LONDON INTERBANK FIXING

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	ROANK F	ıXII	NG	

(11,00 a,m, July	
Thrae mont	he U.S. dollars

DIG 11	10/10	Offer 12 I/10
Şis	months	U.S. dollars
bid 12	t/2	offer 12 5/8

The fixing rates are the arithmetic means, rounded to the necessary on elationsh, of the bid and offered retos for \$10m quested by the market to five teleproce banks of 11 ora each working day. The banks ere Notional Westmineter Bank, Bank of Tokyo, Doutscho Bonk, Bonque Nationals de Paris and Morgon Gueranty Trust.

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FINANCIAL FUTURES

Barclays Bank Prime Account. With effect from the close of business on 23rd July 1984, the rate of interest on **Barclays Prime Account** will be



11% nominal

11.46% A.P.R.



Offshore Mining Company Limited U.S.\$100,000,000 **Guaranteed Floating Rate**

Notes due 1986 For the six months 23rd July, 1984, to 23rd January, 1985 SO Shake

22.1

117 / -64 /

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In accordance with the provisions of the Notes, nntice is hereby given that the rate of interest has been fixed at 121% per cent and that the interest payable on the relevant interest payment date, 23rd January, 1985 against Coupon No. 13 will be U.S. \$66-12.

By: Morgan Guaranty Trust Company of New York, London Agent Bank

CORRECTION NOTICE

to Transvaal Mining Quarterlies that appeared in this paper 20 July 1984.

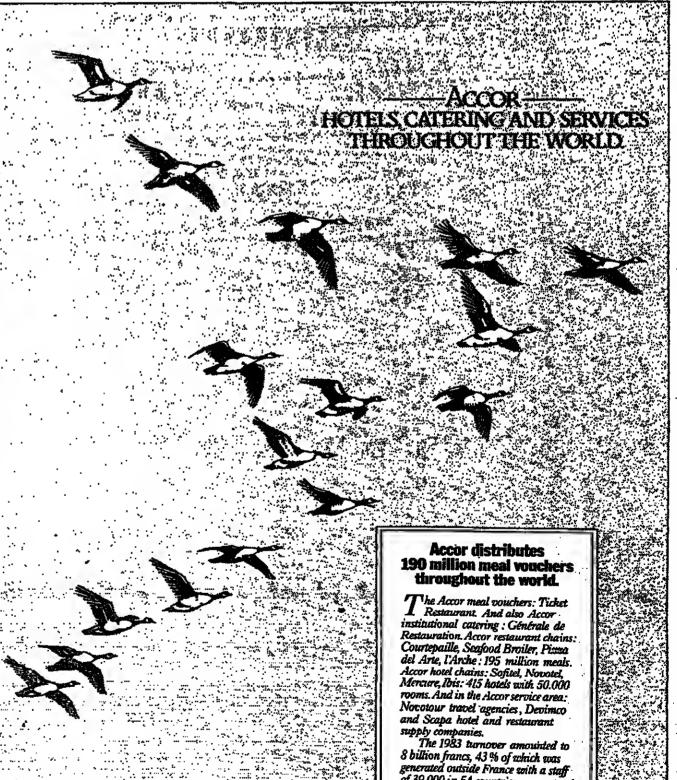
S.A. LAND The South African Land & Exploration Company Limited (Incorporated in the Republic of South Africa) Administered by Anglo American Corporation of Sonth Africa

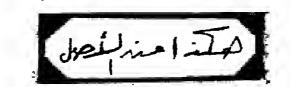
Please note the words "Decrease in retained profit" should have read

R99 000 " "Retained profit for the six months

of 39.000 in 54 countries.

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FINANCIAL TIMES SURVEY

Monday July 23 1984

A highly competent bureaucracy which enjoys good

relationships with its principal partners—politicians and

businessmen—has been the wellspring of Japan's industrial and

economic success. Can the country adapt to the challenges

as both society and the economy become more open?

By JUREK MARTIN Far East Editor

ONE OF THE more popular and recurrent external fallacles about Japan is that the country's conomic success is based on a conspiracy. That deep in the bowels of Kasumigaseki, Tokyo's Whitehall, there sits a group of bureaucratic plotters, to whose every beck and call industry responds and who have a grand, responds and who have a grand, possibly computerised, scheme of things whereby sooner or later the world will fall under Japan's economic thrall.

Generally, the government department most often cited is the Ministry of International Trade and Industry, sometimes, and more frequently now that financial services are assuming greater significance, the Mini-

Chalmers Johnson, does not hew to this theory but many be a bureaucrat in Japan is to less scrupulous purveyors of know real power and prestige.

It is also notewortly that the bookstand demonstrates, It is also apparent that the myth of the Japanese monolith bas many subscribers in foreign government and industrial

Truth more complex

The truth, inevitably, is much more complex, often not easy to discern, and occasionally contradictory. A factor indisput-ably, is that Japan is a nation which is comfortable with the idea of a strong central govern-ment; politicians and bureaucrats occupy well-delineated areas and in the post-war years a succession of conservative governments has given the bureaucrats the political accurity to pursue the art of policymaking as they think

Although not necessarily a consequence, it is also un-deniable that the bureaucrats deniable that the bureaucrats have done their job well. Japan is a remarkably well-run country, by and large. The bureaucracy may appear, at times, interfering, pettifogging and obdurate, but it has made few major mistakes, as the Japanese record as overlinering. be less good at anticipating problems than in reacting to them (vide the first oil crisis a decade ago) but few inter-national bureaucracies in the turbulent modern era can claim

the Japanese bureaucracy atili attracts "the best and the brightest," They may be drawn rather beavily from Tokyo University which, with its graduates bolding 80 per cent stry of Finance.

It should be pointed out that of senior bureaucratic positions, perhaps the best analysis of the Japanese system, "MTI and the Japanese Economic Miracle" by

Tabanese Economic Miracle by

Tabanese Economic Miracle by century, but their qualities are not to be lightly dismissed. To It is also notewortly that the private sector.

Even though some staff were switched from national to local government, which has grown in size, the ratio of public em-

ployees to the overall labour force in Japan is less than balf that of the U.S., Britain and West Germany. In fact the most frequent complaint made by beavy; certainly many put in, routinely, 12-hour days and six-day weeks.

But it is a far cry—and an approach have been:

to have met diverse challenges so effectivity. This is at last partly because

Myth of the monolith society like Japan'a, which also happens to make a cardinal virtue ont of encouraging free flows of information and comaware of the activities of the

It is also noteworthy that the bureaucracy is, by most international standards, not overstaffed. The programem to cut the number of national government personnel began in the late 1960s and real manpower savings have been achieved.

Even though some staff were switched from national to local these stark been ideological these stark beo - ideological terms.

As far as industry is con-cerned, the bureaucratic role is multi-faceted, probably more so now that the economy is less dominated by major heavy frequent complaint made by industries, which were easy to bureacrats today is that their grasp, and more influenced by work loads have become too the service sector, which is by definition more nebulous.

Over the years, however, key elements of the governmental day weeks.

But it is a far cry—and an approach have been:

Development. The government watches what best known is the Keidanren, mulcations (on postal savings and MPT and MPT suggest that it is only the ment does help guide indus
Over the years, however, key

Guidelines (possibly the government industry has some culture (on farm protection), but it is own. The MOF and Posts and Telecondary has some culture (on farm protection), but it is own. The MOF and Posts and Telecondary has some culture (on farm protection), but it is own. The MOF and Posts and Telecondary has some culture (on farm protection), but it is own. The MOF and Posts and Telecondary has some culture (on farm protection), but it is own. The MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection), and MOF and Posts and Telecondary has some culture (on farm protection).

impels Japan. In a closely-knit vast sums (apart from the huge agricultural and railway subsidies; and the bureaucracy is cost-effective). Currently the focus is on high technology, munication, it is inevitable fifth generation computers, that government abould be optical fibres, aerospace and so on where the government essentially mobilises industrial

and academic talent and gives Rationalisation: The government directs the winding down or diminution of troubled Industries (most recently petrochemicals, alumminum, and oil refining and marketing); the process can be difficult, even brutal, but is alded by the very

strong national sense of equity -that even a smaller pie can be sliced up many ways.

Where Japanese industry has run into export curbs (cars to the U.S. and VCRs to Europe, for example) the government informally sets quotas for in-

dustry.

Guidelines (possibly the

bureaucracy which guides and trial research; it does not spend Ministry of Finance becomes concerned about the level of capital outflows, it may issue "administrative guidance" to, say, the life insurance industry requiring that only a given per-centage of its portfolio be invested overseas.

Guidance backed by sanctions

Similarly it staunched the flow of big bank funds to "sarakin," the ruthless consumer loan organisation. On occasion the Government's guidance may be superfluous, but at other times it may be backed by real sanctions.

 Procurement. Inevitably, the Government prefers to "buy Japanese," and the foreign foot in this dor bas not pene-trated beyond the little toe nall. But it is not all a one-way street, with the exercise of power flowing only from government Industry has some potent lobbies of its own. The best known is the Keldanren,

manded in the UK by the CBI or in the U.S. by the Cbamber

of Commerce.
Individual Industry associations are not far bebind, nor, of course, is the farm lobby. For all of them, the central point is that they combine to nuderwrite the ruling Liberal Democratic Party, with wbom the bureaucrscy has, as previously mentioned, a well-established relationship. It is an applecant that nobody wants to overturn. that nobody wants to overturn by being too assertive,

In addition, the notional power of the bureaucracy is often vitiated by the fact that It is frequently at odds within itself. Each Ministry is jealous of its prerogatives and savage turf fights are an enduring feature of the scene.

batants are MOF and the Bank of two government monopones of Japan (on monetary policy), MOF, MITI and the Foreign of "administrative reform"— of NTT, the telecommunications entity, and the Tobacco and culture (on farm protection), MOF and Posts and Telecommunications (on postal savings and gradualism.

and MITI against Education's usually insignificant Cultural
Affairs Agency (on copyright
laws, a battle which MITI did
not win).

This is but a partial list and vesled commercial interests have sbown themselves emi-nently capable of exploiting

such divisions.

However, one Ministry bas tended to enjoy a predominant position in Japanese bureauposition in Japanese bureaucratic history. Earlier in the century it was the Interior Ministry, the repository of so much power that General MacArthur ordered it broken up. For most of the post-war years, MOF has ruled the roost, simply because of its control over the budget, though MITI certainly bad its day in the sun in the 1960s and 1970s.

Diversified

economy

The great question now is whether the bureaucracy is up to the challenges of a more diversified and open economy in society. In another article in this survey, Mr Shizuo Takano of JVC argues that the bureaucracy has become too prone merely to react and less able to anticipate developments, as he feels it should.

MOF will be presiding over a progressively more liberalised financial system in which some of the old demarcation lines seem bound to break down; the Ministry of Education is increasingly under attack for making Japanese curicula too

The bureaucratic reluctance Among the regular combatants are MOF and the Bank of two government monopolies
carried out under the banner
"administrative reform" to cede authority is strong, however. The denationalisation

CONTINUED ON

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The country's international role is greatly affected by external events and by its relationship with the U.S.
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TECHNOLOGY

The need to stay ahead of other nations has persuaded blg companies to invest beavily in basic research.

SOCIETY

The traditional bomogeneous view of the individual's place in society is being challenged by the consumer age.
Pages 15-20

Editorial production: Michael Strutt Design: Phil Hunt

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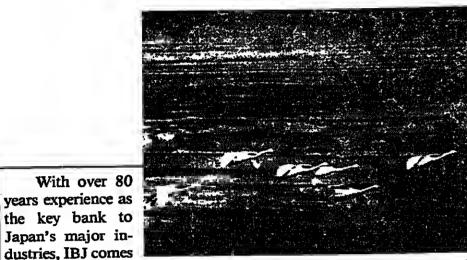
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Foreign policy keeps to a passive path

IT IS now apparent that the long standing post-war thesis on Japan's foreign policy — basically that it had none which was independent of U.S. requirements—is out of date.

The emergence from the cocoon may still be halting but cocoon may still be naiting out it is, by now, probably irrevocable, even if a subsequent Prime Minister is less rigorous in pursuing greater international exposure than is Mr Yasuhiro Nakasone. Government, business, and even the average Japanese citizen, who travels more widely than hitherto, have all come increasingly to regard the world, rather than the narrow confines of the Japanese archipelago, as their ovsters. Mr Yasuhiro Nakasone. Governtheir oyslers.

Yet greater awareness of the Yet greater awareness of the larger world has not, remarkable as it may seem, been matched by heightened internal debate over what Japan's role ought to be in it. Mr Nakasone's attempts to define it have heen greeted with indifference at bome. Foreign policy debate in the Diet remains extremely sterile, still largely framed, and constrained, hy constitutional and other political shibboleths.

Hard to find

And it is sometimes distressingly hard to find in either the public or private sector, in academia or the influential mass media—much intrinsic interest in those events outsida Japan in which the Japanese stake is not ohvious or paramount.

Only occasionally does the nation get aroused on an external issue: anger over the Only nation shooting down of the Korean jet liner, for example, which in-volved substantial loss of volved substantial loss of Japanese life; demonstrations over the presumed presence of U.S., nuclear weaponry in Japanese waters, though such protests are hut shadows of those of the 1960s; a surge of criticism if Mr Nakasone is seen to go too far in his public statements, especially while nverseas.

overseas.
The normal attitude, however, is indifference or silence which can be construed as the

which tail be constituted at the same thing.

This is a state of affairs which, by and large, suits the interests of the professional bureaucrats, in this case principally, but not exclusively, the professional bureaucrats, in this case principally, but not exclusively, the professional bureaucrats, whose results are provided in the professional bureaucrats. Foreign Ministry, whose responsibility is the conduct of external policy.

Yet it is a testament to the

relative importance of foreign policy in the Japanese mind that its Foreign Ministry, for all the competence of its per-sonnel, does not rank as one of the truly heavyweight constitu-ent parts of the government. That honour belongs, incon-trovertibly, to the Finance Ministry, with the Ministry of International Trade and following

And both these two Ministries, within the confine of their jurisdictions, can be important foreign policy players. MOF jealously guards Japan's international and bilateral financial and economic interests, MITI its trade para meters, subjects still of central significance to the wider web of apanese foreign relations.

MOF tends to be conserva-

tive, MITI less predictably so, but both stand in sharp and often powerful contrast to the internationalist school in Japanese thinking, which still resides very much in its

Foreign Ministry.
Complicating the process can be the presence of a Prime Minister who anjoys foreign affairs as palpably as does Mr Nakasone and who does appear, to be willing to on occasion, to be willing to entertain that un-Jananese concept of taking a risk.

In the run-up to the London

for example, the Ministry was visibly



GOVERNMENT



Here and on the next two pages Jurek Martin examines Japan's view of its international role and the country's relationship with the

nervous that Mr Nakasone was going too far in his public hints that Japan might be in a position to play some form of middle role in the Gulf War, because it below and Iraq

U.S., which remains a

with both Iran and Iraq. This seemed to fly in the face of the official Ministry position which tends to stress the limitabilities independent Japanese action. In the event, lt appears, Ministry caution prevailed because Mr Nakasone

pulled no rabbits out of the hat.

However, in spite of the permutations of Japanese bureaucratic infighting over foreign policy, there are some common denominators on which all participants clearly agree. The first, and most ohvious, is that the relationship with the U.S. remains the cornerstone of Japan's external edifice. It is no longer merely the case that the U.S. protects Japan militarily and buys more of its goods than anyone else; as the balance of power in the U.S. appears to be shifting perceptibly away from the Atlanticist eastern establishment in favour of those who see the Pacific basin as the home of America's real and future interests. As a general

rule, this evolution suits Japan rather well. In the first place, it legiti-mises an enhanced Japanese role on its regional doorstep. Partly because of the bitter memories of the last war, partly hecause of domestic political constraints, this principally takes an economic and commer-

cial form, which happens to be Japan's forte in any case. But it certainly does no harm to Japanese policymakers to know that the U.S. fully supports initiatives such as greater economic assistance to South Korea, the People's Republic of China and the ASEAN etates generally.

It also means that Japan can, and does, speak with some genuine authority on behalf of the newly industrialised countries in the region in fora like the London summit.

Maturing

However, as the relationship with the U.S. deepens, it is also showing signs of maturing. No longer does Japan always, and automatically, do whatever the U.S. requires U.S. requires.

Probably the best example of this in the last year concerns reform of the Japanese financial system, in which the Ministry of Finance resisted stoutly the U.S. Treasury not only by the skill of its technical arguments but also by applying political pressure of its own at the highest levels in Washington. In the end it paid off; the prevailing informed view in Japan is that, in the thick of

the negotiations, the White House ordered the Treasury to pull back from a more strenuous confrontation, in effect saying that the political end strategic relationship with Japan mattered more than in forcing radical financial radical

second largest position in the World Bank may also lead it to take stances not always compatible with those of an ideologically tinged U.S. Admin-istration. It has, by so doing, widened its economic constit-uency in the larger world.

Another common denominator is that the coolness that has marked Japanese relations with the Soviet Union in recent years remains unchanged. This stems from a combination of factors—the perceived threat from Soviet SS-20 missiles, the soviet refusal even to talk about the status of Japan's "northern territories," and the generally heavy-handed Soviet epproach towards Japan.

But it also reflects the fact

that every known Japanese pub-lic opinion poll invariably places the Soviet Union close to the bottom of the list of countries for whom Japan has any esteem or regard. Even the commercial lure is less enticing than it was, as the People's Republic has replaced Russia as a commercial customer. The third constant is that

Sino-Japanese relations should continued to improve and

deepen. Exchanges of visits at the highest level certainly have done no harm. They have also given Japan e new diplomatic window, and conceivably some substantive role, on what might happen on the Korean Peninhappen on the kerean rema-gula, an area of concern central to Japan. The planned visit of the South Korean President, Chun Doo Hwan, to Japan in September may give further clues as to what might be ex-

The evolution of Japanese-European relations, however, is less clear. Japan has relatively few quarrels with most European nations other than the commercial, and these vary in intensity (negligible with the UK, for example, more profound with France).

But Japanese officials do appear to be hecoming increas-ingly disenchanted with the European Community as an Institution, for all the public protestation to the contrary, simply because negotiations seem endlessly bogged down in the minutiae of trade disputes. Japan's desire to be acknow-

ledged as part of the West atrategically and commercially, obviously presents potential problems as well as rewards, for problems as well as rewards, for Europe, But, from the Japanese perspective, the Community as a whole, if not always individual nations, seem incapable of recognising the possible benefits. Thus it itsed Japan that M. Castan Thorn the EEC. that M Gaston Thorn, the EEC president, was so noticeably cool towards Japan's anitiative for a new multinational trade round when he was in Tokyo in

Contribution

Even if aelf-servingly, Japan sees its proposed Nakasone round as the sort of contribution It can, and should, make in global affairs and tends to contrast U.S. enthusiasm for it. albelt politically tinged, with European indifference. That Europe and Japan can work together, even against the U.S., is not in doubt, as their joint campaign against U.S. unitary taxation demonstrates.

In any country, it is always a moot point if policy should fol-low or lead public opinion Japan's off-cited preference for consensus building and the innate caution that has always marked Japanese governments since the war suggests that the gap between the two here should not be wide.

Bot it is precisely the absence of debate on foreign policy that makes it tough to judge the speed with which Japan will be-come an assertive force on the world scane. The voices are there, of which Mr Nakasone is undoubtedly currently the most distinctive, but the rest of the



Leadership elections in November are likely to favour the Prime Minister

Tanaka faction shadows Nakasone

The LDP JURSEK MARTIN

AT THE time of writing, which is a fact of necessity, not signifi-cance, the popular view in Japan is that Mr Yasuhiro Nakasone will be returned in November as president of the ruling Liberal Democratic Party and will thus serve probably another two years, possibly less, as Prime Minister of Japan.

As the Japanese like to put it, there is this aummer "a mood for Nakasone." But it certainly is not irrevocable, nor does it demonstrate that the man who has been Prime Minister since November, 1982, is in the process of duplicating at home the popularity and esteem that he undoubtedly enjoys overses. undoubtedly enjoys overseas. On the contrary, it reflects the state of power politics in Japan, to which policies are largely irrelevant and personalities are only of variable importance.

There is, however, one man who plays power politics better than anyhody else. He is, of course, Mr Kakuei Tanaka, Prime Minister from 1972-74, now appealing against his conviction last October of accepting hribes while in office from the Lockheed Aircraft Corporation in return for facilitating the sale of the U.S. company's Tri-Star alrliner to a domestic carrier. As a personality, he is widely reviled in Japan, especially by Its media, yet also admired, most openly hy his own electoral constituents in Nugata who returned him to the Diet last year with the higgest majority he has enjoyed in 30 years of public life.

Strength

Mr Tanaka endures because he plays the political game better than any other politician. He presides over the largest parliamentary faction inside the LDP, its strength in good measure the result of its leader's exquisite use of patron-age and his unparalleled understanding of how to run a smooth political machine. Every. thing that has ever been practised in the U.S. by such past masters as Boss Tweed, Frank Hague and Richard Daley has been absorbed and given a Japanese flayour by Kakuei

Tanaka.

The efficiency of his machine far transcends his personal legal problems. Last December's general election was widely; and not wholly inaccurately, seen as a referendum on his presumed malevolent influence on Japanese political life—and indeed the LDP (his party, though he sits in the Diet as an independent) did very badly; it came within a hair's hreadth of losing its overall majority.

of government is traditional in Japan. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japan. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japan. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japan. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japan. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, other wise driven by factional in Japane. Indeed it is one of the reasons why the LDP, losing its overall majority.

Yet the power of the forces beholden to him was not much impaired. Not only was he resoundingly returned, hut his faction lost less than did most of his principal intra-party rivals. In a subsequent LDP recruitment drive, conducted principally for fund-raising pur-poses, nearly half the new members were signed up, it is understood, hy Tanaka cohorts. There have been predictions of the hreak-up of his faction or the demise of his personal control for years, but neither has

yet happened. As a result, there is today a But its existence does create general recognition that Mr problems for those who want Tanaka cannot be aimply to challenge Mr Nakasone in banished from political life. November, Surprise candidates This summer only the Socialists are seriously still talking about trying to oust so the would-be LDP presidents him from the Diet, a far cry and prime ministers are easy to from the heady days after the identify. They have all been,

when all the opposition parties hoycotted parliament — and belped force the general election—because the LDP would not permit the Diet to consider such a motion consider such a motion.

The press, which likes to see itself as the real extraparliaitself as the real extraparlia-mentary opposition, rarely these days goes to town on Mr Tanaka's perceived iniquities. And even the LDP itself, many of whose constituent parts express genuine fear and loath-ing for Mr Tanaka, seem to have come to the tacit acceptance of the reality that his nod in the party presidential contest in November is probably going to determine

And this favour, it appears increasingly likely, is going to be bestowed on Mr Nakasone. At least this is the message conveyed by Mr Susumu Nikaido, one of his chief lieutenants, who is installed, at the insistence of Mr Nakasone, himself no mean politician, as the LDP Vice-President.

Moreover, Mr Tanaka himself has told his factional heir apparent, the Finance Minister, Mr Noburo Takeshita, that he will not approve a Takeshita challenge for the party presidency this year. This is consistent: ever since he stepped down from the Prime Minister's office under a direct Minister's office under e cloud 10 years ago, Mr Tanaka has never allowed one of his own troops to run for the top job.

Bearing in mind that Japanese politics have little to do with policies, at least inside the LDP, which is, in any case broadly conservative, the obvious reason why Mr Tanaka is comfortable with Mr Nakasone is that the latter is heartily disliked by another former head of government, Mr Takeo Fukuda.

The so-called "Kaka-Fuku" war has been a dominant force in LDP politics ever since Mr Tanaka beat Mr Fukuda in the 1972 leadership contest. To the extent that Mr Fukuda sees Mr Nakasone as Mr Tanaka's tool, then Mr Tanaka seems inclined to stick with Mr Nakasone.

In return, Mr Nakasone has done Mr Tanaka one specific and one general fayour, neither exceptional in their own right but both enough to maintain the bond. The first is that he has ensured that both his first two Cabinets have been well represented by Tanaka forces. This sharing out of the spoils of government is traditional in

Court ruling is probably still

Independence

There is no lack of constitutional, moral, and legal justification for Mr Nakasone to assert the independence of the judiciary. But the practical effect has been to give Mr Tanaka more time to exert his power—and for a man to whom power is mother's milk, time

informal Nakasone-The Tanaka alliance has, it must be incessantly pointed out, more to do with politics than policies. are, of course, not a feature of the Japanese political system, from the heady days after the identify. They have all been Lockheed verdict last autumn or are, ministers, the product of



Mr Nakasone, wearing the kimono, sips tea at his official residence while awaiting the outcome of polls last December

This year's four candidates are: Mr Takesbita (whom Mr Tanaka has ruled out); Mr Kiichi Miyazawa, whose policy strong suit is economics, but who holds no official position at present; Mr Shintaro Abe, now Foreign Minister and acting head of the Fukuda faction; and Mr Toshio Komoto, a husinessman turned politician.

husinessman turned politician, who now heads the Economic Planoing Agency, serves as deputy prime minister and runs his own political faction. Both Mr Takeshita and Mr Abe are probably resigned to waiting their turn, another feature of the Japanese political resture of the Japanese pointical system where waiting is a virtue not evidence of weakness. However, Mr Abe may run in Novemher, to put his marker down, as it were, much as he did in 1982.

in 1982.

Mr Komoto, who also ran in 1982 with high initial hopes that were severely disappointed, is now well into this 70s and probably cannot wait. He is the relative economic liberal, the believer in deeper tax cuts and fiscal stimulus. This has not endeared him much to the LDP, in which his faction is the smallest of the big five, but it has made him an object of interest to the centre-left opposition parties, who still talk of seducing him away to head a coalition government. He also happens to be one of Mr

Tanaka's most vocal opponents.

However, Mr Nakasone may bave neutralised Mr Komoto by bringing him back to his old Cabinet post at the Economic Planning Agency for he has heen conspicuously quiet this year, certainly in comparison with 1983, when he held no office.

This leaves Mr Miyazawa, a frequent former Cabinet member and highly regarded by the husiness community, the ruling party's chief underwriter. It looks as though Mr Nakasooe picked Mr Miyazawa out as his principal threat last winter, after the election, and thus excluded him from the Cabinet and any of the major party posts which are generally considered a stepping stone to the presidency. This leaves Mr Miyazawa, a

Odds

The problem for Mr Mivazawa is not the esteem in which he is held; he is indeed attracting attention with his "asset doubling" proposal, that is, the improvement of the nation's social capital, schools, housing, roads and so forth, which at least presents a contrast to Mr Nakasone's "stand pat" economics. His task is generating support inside the party and this, in turn, reflects the reality that the odds in the power politics game are stacked against him.

having risen steadily and carefully through the party ranks.

This year's four candidates are: Mr Takesbita (whom Mr Tanaka has ruled out); Mr Cabinet post at the Economic opposed by those heholden to Planning Agency for he has strong suit is economics, but the support of his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction and that of Mr Tanaka who belong to the so-called "main-bringing him back to his own faction." numerically. Mr Miyazawa is a leading member of the other "mainstream" faction led hy another former Prime Minister, Mr Zenko Suzuki, which effectively holds the halance of fac-tional power. But the Suzuki forces may not he squarely hehind him; their interests may lie more in cementing relations with Mr Nakasone or in hooking up with the Fukuda and Komoto forces if that aeems a politic idea.

As it is, the Suzuki faction appears to enjoy its middle-man's role, which in turn brings it spoils it may not, on its own account, he able to earn. One of its most influential members, Mr Rokusuke Tanaka, is revelling in his joh as LDP Secretary General this year (a post that might well have gone to Mr Miyazawa) and, having personally negotiated the parlia-mentary coalition between the LDP and the small New Liberal Club, may be disinclined to cast his lot with his factional col-

league.
Thus, no matter how the LDP that the odds in the power politics game are stacked against him.

In the power politics to choose a leader this perhaps he (Tanaka) should loosen the controls on his native methods, though pracfaction, Political "moods" in Mr Nakasone can count on tically they may not differ Japan can be fickle.

the current line-un appears to favour Mr Naka-sone. In a multi-candidate field be looks assured of the biggest core of support.

his success in getting hills through Parliament this aummer. He may succeed but the opposition will not give him a free ride and he does not, in any case, have the reputation of heing a good parliamentary

political system, and unite hehind a single strong alternative candidate.

There are, however, aome caveats. Mr Nakasone's campaign is predicated not on his international expertise but on

It is also possible that his LDP rivals will find a way to cut a deal, the true nature of which will likely be hidden deep in the woodwork of the

But the greatest caveat of all is Mr Tanaka. The assumption is that he aticks with Mr Nakasone, hut every now and then dissonant voices emanate from his camp; that, for example, it is not fair that Mr Nakasone should serve more than two years because none of his five predecessors did; that maybe his support for Mr Nakasone is conditional on him stepping aside after another year; that



Kakuei Tanaka: bribes

Myth of the monolith

CONTINUED FROM

In neither case will privatisation he cleancut; with NTT, the government is assured of a majority position for at least five years, possibly more; with tohacco, though imports of the commodity are being liberalised, the controlling authority remains a state corporation in all hut name and the complex weh of tohacco subsidies remains in place.

ket as a whole is heing opened or MTI, the preseumed homes up, but the residual power of of such masterminds. Surely no the government to control its Grand Plan could emerge from pace and shape remains con-such neo-Victorian squalor, and siderable.

picture, therefore, is of a imprint.

usually competent bureaucracy which eojoys generally good working relationships with its principal partners, the poli-ticians and the businessmen, hut which is capable of fighting like alley cats within Itself and is far from sure that it knows

This hardly fits the requirements of the conspiracy theorists. Those who really emains in place. want to be disabused should The telecommunications mar- actually visit the offices of MOF complicated overall which high tech has made no

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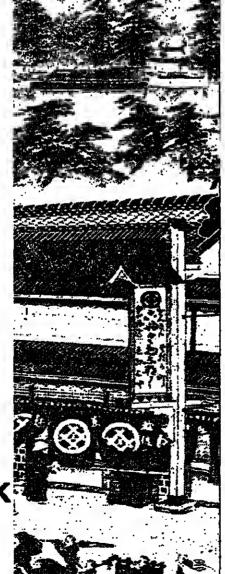
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A Tokyo voter, carrying a baby on her back, easts her vote at last December's polls to elect the powerful Lower House of Parliament. The Japanese electorate seems reluctant to remove the ruling Liberal Democrats

Uncertainties about power behind muted challenge

The Opposition JUREK MARTIN

THERE IS sometimes a logic to the Japanese political system that is simply unique. On the morning after the general election last December 18, the opposition parties really abould have been relishing the future. have been relishing the future.

All of them, except the Communists, had either held their own or done very well; they had collectively reduced the LDP's comfortable majority in the Lower House of the Diet to virtually nothing; and they had Mr Nakasone apparently on the ropes; they appeared to have two issues going for thempolitical corruption and the tightstedness of the government—ripe for future exploitation.

fion.

Furthermore, the leading opposition party, the long-derided Socialists, had a new leader who seemed capable of building bridges rather than disappearing down some ideological blind alley.

Yet a mere six months later the political scene hears little.

the political scene bears little resemblance to that which might reasonably, in another country, have been expected.
One of the opposition parties,
the small New Liberal Club, is
now in a coalition with the LDP, from which it had broken away eight years before. The third and fourth largest parties, Komeito and the Demo-

cratic Socialists, were openly talking about the same recourse. Mr Masashi Ishibashi, the Socialist leader, was energetically flying the flag of respec-tability as far afield as Ronald Reagan's Washington (and Mosand Peking to boot) but

was getting scant response at

Forgetting their unity of last autumn, only the Socialists seemed interested any longer in the Tanaka case; the New Lib-eral Club swore it was working to raise the standard of politi-cal ethics from the inside but few people could discern the fruits, let alone the labour; as the economy recovered, the de-bate over fiscal policy lost its

Indeed the only subject apparently capable of producing any win the next election, whenform of opposition consensus
was the general desire to
embarrass Mr Nakasone. The
What could, or might, underembarrass Mr Nakasone. The What could, or might, under- advocate policies wildly differ- were reasons for his confident three week opposition boycott, mine the LDP's power base is ent from the LDP. Before Mr not this summer, however.



Masashi Ishibashi; flying flag of respectability.

which did not include the Democratic Socialists, in early June, just before the Prime Minister left for the London summit, was

are no clear-cut answers to the question of why opposition collectively i off, though several partial explanations can be

One common thread, however, may be that the opposition which has known only opposition for almost all the post-war years, really has become com-fortable with that state, Power, in the shape of seeking to over-throw the conservative govern-ment, may really hold too many uncertainties.

Affluence

It is undoubtedly also true that the Japanese electorate which has come to know much affluence under the direction of a conservative, business-oriented party—is more inter-ested in occasionally rapping the Liberal Democrats over the ing them out.

Thus, a widespread belief after the December poll was that the LDP would certainly win the next election, when-

electoral reform designed to reduce the voting weight of the agricultural regions.

left for the London summit, was not really the result of disagreement over pending legislation seems distinct the idea. The Socialists in particular, seem more afraid that they national beaith insurance and the like; it was simply designed a result of reform. This is become cut Mr Nakasone down to size. munists run everywhere but are a special case) they get their share of rural seats, true to the Japanese notion of equity.

Even in the cities the centre and left parties seem to be competing for a fixed percentage of the vote. It was significant in December that where the Socialists and Kometo and the Democratic Socialists pooled their resources and ran fusion candidates they did very well; left to their own party banners they carved each other up.

Both the urban based centre parties, the Buddhist oriented Komeito and the Democratic Socialists, who split off from the left-dominated JSP in 1960 much as the Gang of Four did in Britain a generation later in Britain a generation later, also seem to have a very pre-

In December, for example, Komeito ran 59 candidates and saw all but one elected, a nomi-nally sensational result. But party officials freely concede that if they had run 120 candi-dates, they probably would still bave only won 58 seats.

Neither Komeito nor the DSP

December

18th, it looked as though there

Ishibashi began midging the Socialists towards the middle last year, accommodation with the LDP often seemed a more appropriate course for both of them, and, apparently, in spite of Mr Isbibashi'a efforts, it still

does.

The basic logic, if that is the word, behind the current coali-

word, behind the current coalition talk is that it is more possible to influence the ruling party through dialogue from the inside than the outside.

This was the official reason for the New Liberal Club joining forces with the LDP at the turn of the year—though Japanese political sceptics suspect that the real price was a pect that the real price was a Cabinet seat and a lot of underthe counter money. However, if the dialogue argument is purthe dialogue argument is privated to its conclusion, it leaves open what, if any, meaningful role the Diet would have in Japanese political life.

Commensurately, there seems less interest these days in Mr. Ishibashi's notion of an alternative and the control of the seems of the control of the seems of the control of the seems of the control of the

native coalition, featuring all the opposition parties, excluding the Communists but including dissident elements of the LDP, most notably Mr Toshlo Komoto.

However this does not mean in the process of forming quickly. The popular view in Japan is that the New Liberal Club is almost bound to be

swalkowed up by the LDP and lose its own identity.

Notther Komeito nor the DSP are in a hurry to sign their own death warrants (though the DSP does seem intent on drop-ning the word "socialist" from its name), and will watch events

flow.

This coution gives Mr Ishbashi at least a little hope. For several months after the election be found himself wrestling with an age-old DSP problem-whether or not Japan's self-

defence forces are constitu-tional, legal, both or neither.

In practice, be feels they can-not be disbanded. But the fact that the debate attracted so much attention is indicative of much attention is indicative of the bassage still to be shed if the DSP is to be perceived as a potential governing party. In last year's campaign Mr Ishibashi used to say if would take "two elections" (after the last one) to get the LDP out of

The Y.S. Line fleet is an active one.



YAMASHITA-SHINNIHON STEAMSHIP CO., LTD. Head Office: Palaceside Building, Tokyo, Japan, Tel. (03) 282-7500 as Offices: New York, San Francisco, Los Angeles, Seartle, Chicago, Houston, Toronto, London, Düsseldorf, Kuwait, Dubai, Teheran, Sydney, Melbourne, Nakhodka, Singapore and Hong Kong A 66-PAGE report detailing proposed changes in the way Japan regulates the trading of yen overseas, and some aspects of its domestic capital markets, was produced in May by the Japan-U.S. working group on yen/dollar exchange rate issues.

issues.

The document's theme is one of internationalising the Japanese economy and currency. As such, it has been generally credited as a victory for a forthright team of U.S. negotieters.

It seems improbable, bowever, that the agreement would have been produced at all if it did not also embody underlying Japanese desires. The U.S. threw its weight into a domestic argument between the progressions and conservatives of sives and conservatives of Japan's own financial establishment. It helped accelerate the process of change, while pre-senting Japan with the opporsenting Japan with the oppor-tunity to make market-opening "concessions," politically of a relatively painless nature.

Here are some of the major points from the working group report, with a subjective assess-ment of what they mean:

"The working group ex-pected that comprehensive measures to internationalise the yen and liberalise Japan's capital markets, which are primarily aimed at achieving fulfilling Japan's responsibili-ties as the second largest economy, will lead to a stronger yen."

 The United States believes the Japanese yen bas remained artificially weak because Tokyo bas regulated its accessibility to foreigners, and held down yen interest rates. This, the U.S. believes, has given Japan's exporters an unfair cost advan-

Whether the yen will actually strengthen as a result of these liberalisations is a moot point. In the short term, it will probflows out of Japan than in, and borrowers issue yen bonds for conversion to other currencies. The longer-term trend depends on Japan's underlying

economic performance, for which the outlook is healthy enough,
"The (Japanese) Ministry of Finance affirmed its inten-tion to proceed on the deregu-lation of interest rates on



ROBERT COTTRELL assesses the effects of wider overseas trading of the yen and the country's moves to modernise its banking

and financial system

deposits as expeditiously as circumstances warrant with-ont causing market instability ... the Ministry of Finance untlined an approach initially centred on the liberalisation iarge denomination deposits, then moving on to interest rates on smaller deposits."

• The Ministry of Finance had little choice, given the imminent development of a large offshore market in unregulated yen instruments, and the need to refinance government debt. Short-term yen interest rates will probably rise as a result of dereguation, while corporate borrowers may find long-term yen gets cheaper thanks to the affection with which bond-buyers are likely to view bluechip Japanese issuers.

But bow far will liberalised interest rates "trickle down" towards the small Japanese depositor, whose returns are regulated—le kept low—by an official cartel? Innovating for the small customer is a task ahead for competitive-minded Japanese banks.

"A market in sbort-term

government debt is one of the subjects to he studied . . . to achieve the refunding of Japan's government debt, it will be necessary to diversify the range of government debt instruments in terms of maturity and other charac-teristics."

● The U.S. wants Japan to create attractive yen assets for foreigners to buy and trade, such as Treasury bills. The such as Treasury bills. The Bank of Japan wants a Treasury bill market within which to conduct open-market interestrate operations, Japanese conservatives in MoF are not so sure. They believe government debt should be financed with them. cheap long-term bonds, while Treasury bills are a temporary expedient for cash-management purposes only.

The Ministry of Finance will establish a concrete scheme by the end of 1984 for the creation of a yensominated bankers' acceptances market. It is expected that the market will become operative shortly thereafter."

 Bankera' acceptances are a form of negotiable bill used in trade finance. Supposedly, a yen-denominated market will help exporters of goods into Japan, by providing a tool to manage exchange-rate risk.

Bankers' acceptances may prove an interesting financial market in themselves, but it is hard to see them having a marked effect on underlying trade, U.S. dollar invoicing, for instance, must rank low on the list of reasons wby Japaoese cars sell so well in the U.S. "The Ministry of Finance

is prepared to assist non-Japanese securities firms in efforts to join the Tokyo Stock Exchange." If, that is, any foreign securi-

ties firm is keen to pay the US\$5m which a seat on the TSE is likely to cost. Brokers say that, in strict payback terms, it is not worth joining. Better to be a branch, and pay split com-mission to a broker. But a TSE seat might be good public rela-tions for a foreign broker going after big Japanese clients, "Qualified secorities firms

can get approval to open branches in Japan, If they wish to deal with Japanese residents they should proceed in this way."



Shintaro Abe: explaining Japan's import problems to the U.S.

money-management institutions see the future in global terms

BALA	NCE OF	PAYMEN	TS	
	(Sm)		
	1992	1983	1984*	1985*
Imports	119,291	112,510	122,282	137,515
Exports	138,021	145,071	158,092	174,361
Trade halance	18,730	32,561	35,810	36,846
Invisibles halance	- 9.890	- 8,704	- 9.067	-10,319
Transfera	- 1.352	- 1,601	- 1.766	-1.950
Current balance	7,499	22,256	24,977	24,577
Excludiog oil bill	53.458	61.861	64.314	67.424
Long-term capital (net inflow)	-14,972	-18,278	-13,882	-15,769
* Fnrecast			Sourc	e; Daiwa,

 But qualification is in the eyes of the Ministry of Finance. Plenty of foreign brokers would happily proceed to branch status tomorrow if the MOF would only smile upon them. Perhaps six more brokers will be licensed this year, joining an existing nice,
"Foreign banks will be able

to enter the trust banking business in 1985."

Foreign hanks can already do plenty of things in Tokyo, in theory at least. It is just that Japanese customers would rather do business with Japanese hanks, while bureaucratic procedures can be dis-proportionately cumhersome for foreign hanks with small local

Probably, seven foreign hanks will form joint vectures with

a number of steps have been taken to liberalise Euroyen bond issues by Japanese residents . . . there will be no guidance, restrictions or requirements on lead managers or Enroyen bond • Foreign banks will be able to compete for the most profit-able roles in Euroyen loan syndicates. Euroyen borrowing Japan's seven licensed trust banks. The main attraction is a chaoce to maoage Japaoese corporate pensioo fund money. With U.S. pensioo funds also investing more abroad, the blg

is likely to be more flexible and finer-priced for bond-issuers than in the "samurai" market of foreign yen-denomin-ated bond issues within Japan, But given the prevailing wisdom that yen exchange risk ls all on the upside, corporate treasurers would be foollsh indeed to chase low nominal interest rates, as some dld with the Swiss franc a decade ago.

as national governments and

international organisations will be anthorised to issue

bonds in the Euroyen market

the Swiss franc a decade ago.

Long-term yen borrowing is for big borrowers with mixed-curreocy balance sheets, to whom a dearer yea is just another way of describing a cheaper dollar. No doubt banks keen to start doing Euroyen business will advise customers accordingly.

The reluctant importer starts to change

IN FEBRUARY this year, to iocrease its imports, but with-Japan's Finance Ministry out apparent effect.

announced the country's trade Japan is a reluctant importer, surplus for 1983 — a record

Mr Shintaro Abe, the Foreign Minister, happened at the time to be in Washington. He was trying to explaio to U.S. leaders the extreme difficulties faced by Japan in increasing its imports of American beef and oranges from existing quotaoranges from existing quota-level of 30,800 tons of beef, and 82,000 tons of oranges respectively. A month later, Japanese negotiatora eventually conceded an agreement to near-double imports of U.S. beef, and increase by half imports of U.S. oranges, over the four years to

1988.
Farming lobbles howled in protest, but Japanese trade economists were unperturbed. This bard-fought agreement would be lost in the decimal points when it came to measuring Japan's visible trade surplus with the U.S., which totalled \$19.3bn in 1983, up from \$16.8bn in 1983, up

from \$16.8hn in 1982. Japan's seemingly ludicrous concern with a small quantum of agricultural imports illustrates the important struc-tural feature of its vast trade imbalance. The problem is not really that Japan exports too much but that it imports too little. To exacerbate the situation, its exports are virtually all manufactured goods. Lacking natural resources, Japan must import raw materials, including 80 per cent of its energy needs. But even there, Japan is a frugal huyer: while its exports increaesd 17.5 per cent in volume terms between 1980 and 1983, imports feil by 1.5

per cent. Roughly half Japan's imports are oil. On a per capita basis, it imports half as much manufactured goods as the European Community, roughly one-third as much as the United States. Of its exports, 97 per cent are manufactured goods, including machinery, cars, and electronic

products. Protectionist measures abroad have made Japan bighly sensi-tive to "trade friction." The

io part because it is still emerg-ing from an "export-or-dle" era of post-war economic reconstruction. Analysts say that Japan bas no historic tradition of foreign trade; that vertical integration of stockists, wholesalers, producers and sub-contractors leaves few points of entry for foreigners into the Japanese market; that

ine Japanese market; that foreigners have oot invested enough people, time or skill in understanding Japanese tastes and business practices.

More subjectively, it is worth pointing out that Japanese manufactured goods are bused. manufactured goods are, by and large, well-made, well-designed, supplied and serviced on time, and competitvely priced in export markets.

Dismantling

Japan is now in the process of dismantling most remaining formal tariffs on manufactured imports, and removing some formal "non-tariff barriers". formal mon-tarin barriers such as specialised testing requirements. Diffuse non-tariff barriera such as bureaucracy and prejudice cannot, bowever, be legislated away.

The Japanese government, under pressure from iodustrial labbiar scores.

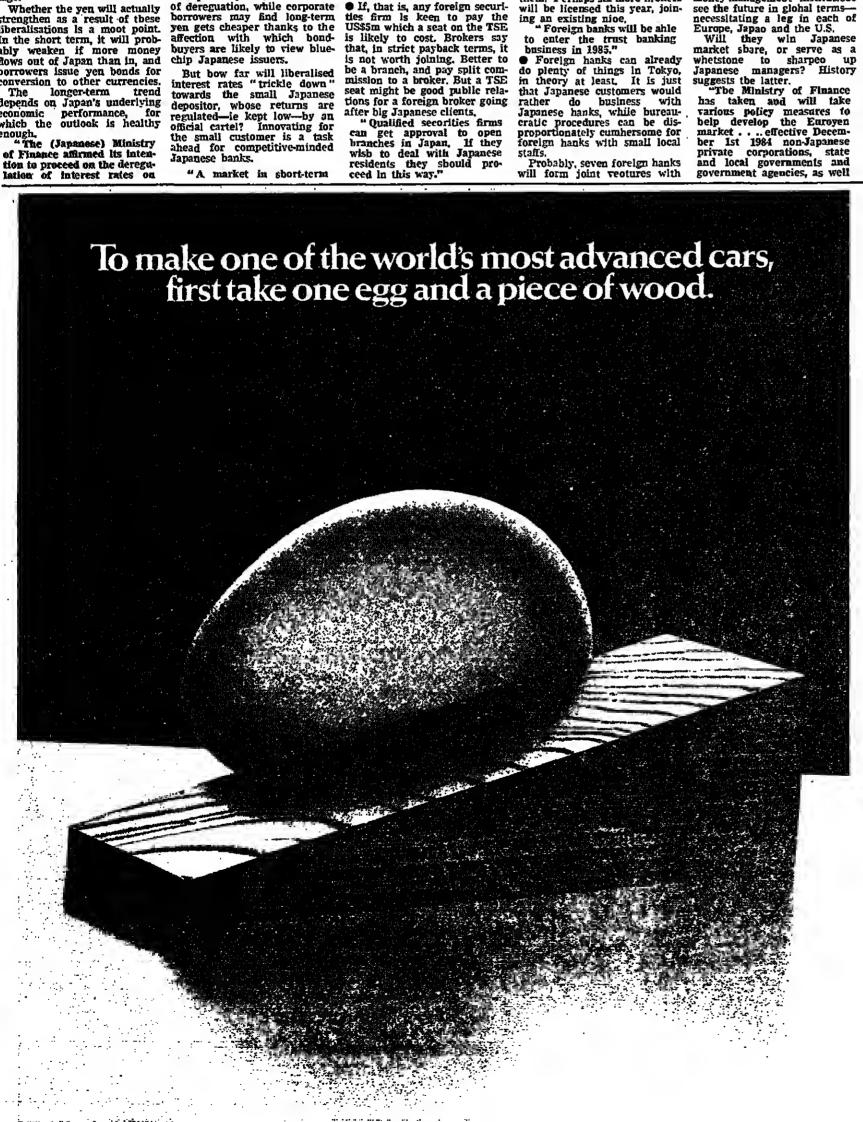
lobbies, sooner or later may confront farmers' wrath and allow more agricultural produce to be imported. The gerrymandering of Japanese constituency boundaries means that the religion liberal deeps that the ruling liberal demo-cratic party as a result may lose some crucial votes from farmers. But, say industrial lobbyists, it will pick them up from the consumer.

Japanese industrialists do not themselves have the good of the consumer at beart, so much as a fear that too much flagrant agricultural protectionism may provoke countermeasures over-seas against Japan's manufactured exports.

Recent moves led by the U.S. to deregulate the Japanese financial system are also founded in the twin hopes that Japanese exports less com-petitive; while foreign instidollar. No doubt banks start doing Euroyen will advise customers by.

Robert Cottrell

We will advise in Japanese exports less competitive; while foreign institutions will have more chances to earn profits in Japanese tape recorder imports. Japan capital markets. The latter tape recorder imports. Japan bope is more likely to be is paying hip service to the need realised than the former. RC



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JAPAN 6

The financial sector has been much slower than industry to internationalise

Switch to a more extrovert approach

Banking

ROBERT COTTRELL

underwent its major formations during the Meiji restoration, and in the period following the second world war, including the U.S. occupation. Since then, so little has changed that, while Japanese industry is among the most modern and progressive in the world, Japanese finance has remained introverted and antiquated.

Successful international presaure on Japan to internationalise its economy and deregulate its financial markets deregulate its financial markets is beginning now to result in a third major upheaval for the financial sector. The first phase of this current round of liberalisation is designed to make easier the lending, horrowing, and holding of yen overseas—"Euroyen"—and to open seas—"Euroyen"—and to open up particular areas of Japanese finance to foreign institutions. These developments are likely to provoke a second phase of liberalisation, this time of domestic capital markets, to restore the competitive position of Japan's own fioancial institutions.

Strong deregulation

These phases of liberalisation may take several years to com-plete. Without foreign pressure, changes probably would still have come, but would have taken even longer to implement. The long-term outcome is likely to be domestic financial markets substantially deregulated in theory, perbaps also in prac-tice. The Euroven market is likely to be, again at least in theory, as deregulated as prsentday Euromarket trading

pares Japan's monetary authorities to the cho-ro, or elders, of a rice-paddy village, whose duties included the allocation of scarce water to individual farmers. The cho-ro would make their allocation on the basis of the benefit of available water, not to the particular farmer, but to the village as a

The most important job for The most important job for Japan's financial bureaucrats, says Mr Prindl, has been to play the role of cho-ro in allocating scarce capital to the most potentially fertile sectors of the Japanese economy during periods of national reconstruction and growth.

tion and growth. The country's financiers have a history equalling that of their European counterparts. In the 17th century, there was a lively market in foreign exchange trading and arbitrage between Osaka, which favoured a silverbased currency, and Tokyo, which used a gold standard. By the mid-17th century, Osaka recognised 10 note-issuing hanks, and a bankers' association which tradictioned as the tinn which functioned as the bankers' own central bank

The period of the Meiji restoration (1868-1912) and the World War II aftermath both saw Japan struggling, with remarkable success, to build a diversified industrial base virtually from scretch. By the end of the 19th century Japan, which had been closed to that would for 250 mounts 1953 bad world for 250 years to 1853, bad built up capacity in each major class of heavy industry. During the Merji period, the

Japanese Government made some quick experiments in the banking sector before arriving at its preferred structure. U.S. prsent-day Euromarket trading of offshore U.S. dollars.

The failure of Japan's financial sector to internationalise in tandem with its industry is open to several explanations—the simplest being that the country's prosperity has been built no keeping its capital at home while sending its products overseas. The Japanese government, through the Ministry of Finance and the Bank of Japan, has in the postwar years managed a tight and largely leak-proof system which

sector were ended.

The presiding financial genius achievement was the 1882 Banking Act. He oversaw creation of the Yokohama Specie Bank in 1880, a specialised part-public part-private foreign exchange trade finance bank which was later to become the Bank of

Joint projects

Other specialised banks set up as joint public and private-sector projects were the Nippon Kangyou Bank, Hokkaido Takushoku Bank, and the Industrial bank of Japan in 1902 for long-term loans to industry for capital investment.

The second, post-war restructuring of the Japanese financial system began with the loss of hanks' overseas branches and much of their local business. National defeat and U.S. occupaton saw all colonial and special wartime banks closed, and the imposition of U.S. type regulation separating banking and securities businesses.

The Japanese government set up a series of particular banks to do urgently needed jobs. These were not so much entreprenurial institutions as simple channels for epplying designated funds. New publicly funded credit institutious includeed the People's Finance Corporation (1949); the Export Impact Bank of Japan (1950). Corporation (1949); the Exporting the Jepan Development Bank (1952) the Housing Loan Corporation (1950); the Agricultural, Forestry and Fisheries Finance Corporation (1952); the Small Business Finance Corporation (1952); poration (1953) and others to follow, each raising its funding government capital or

has channelled cheap funds from private savers to, first, the corporate sector and, latterly, the government.

Mr Andreas Prindl, a former Tokyo general maoager of Morgan Guaranty Trust, compares Japan's monetary authorities to the cho-ro, or elders, of a rice-paddy village, whose dithies included the allow of the presiding financial genius

Long-term credit banks were recignised in 1952, now on a size; and no bank can under reorganised in 1952, now on a size; and no bank can under write issues of securities.

Such a compensate for their smaller tors the prospect of unregulated but effectively risk-free short-term returns.

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of the Meiji restoration was and time deposits of up to two prince Massyoshi Matsukata, years, Finance Minister, whose major Many private-sector banks Many private-sector banks failed to survive: Japan had 418 commercial banks before the war, 64 after it (in 1901, it had war, 64 after it (in 1901, it had 1.867). The surviving commer-cial banks fell into two main categories: city banks, with large urban deposit bases, and regional banks, typically smaller and more rural. The largest city bank, Dai-ichi Kangyo is, in total asset terms, the largest bank in the world.

The regional banks are on average one-much the size of the city banks, and escentially competing for the same type of business—retail and corporate short-to-medium-term lending.
These banks cannot issue long-term debentures, but can draw retail funds from extensive branch networks. Regional banks can offer customers a clickly higher interest rate on slightly higher interest rate on time deposits than can city banks, a feature of Japan's managed interest-rate struc-

Compartmental

The third major category of commercial institution is made up of the "trust" banks, seven in total, dicensed to undertake trust business including the management of pension funds, and the sale of investment conand the sale of investment cer-tificates to the public. Thus the basic differentia-

tions between Japanese banks have come to be that: only trust banks can undertake trust business; only long-term banks can raise long-term debenture funds; only city and regional banks can have extensive branch networks, white regional banks can pay slightly more interest to depositors to

Japanese economy now in a mature phase, companies have mature phase, companies have started borrowing less and saving more, while individual savings are still high, by world standards if not by Japan's own historic levels. The Japanese government has in the last 10 years taken over as the country's major net borrower, fundtry's major net borrower, fund-ing a series of budget deficits with bond issues.

Japan's monetary authorities downgraded "window guidance" as their preferred means of credit control in the mid-1970s —window guidance being instruction to individual banks on how much they should lend to individual sectors and some-times to individual borrowers. Instead, the government adopted interest-rate manage-

ment as its principal tool of monetary control.

This involved influencing expectations about future interest rates through "open market" operations. This policy in turn required the opening up of markets to influence; by 1979, interest rates in bill discount, call, and yen certificate of deposit markets were deregu-

However, this freeing of rates stopped short of rates paid by banks to their own depositors. Critics say the government bas a vested interest in keeping banks' deposit rates low, because it belps the banks buy bonds from the government at artificially high prices, thus reducing the cost of funding the budget deficit.

A liberalised Euroyen market will offer a correspondingly deregulated long-term market to lenders and borrowers, presumably heralding the cud of the cartelising of long-term prime lending rate in Japan itself.

Strengthened

Liberalised interest rates are likely to strengthen the position of benks already skilled at managing their liabilities—the city banks, the larger regional banks in particular. City banks may also prosper from the promised entry of foreign banks into trust business. In Japan which, by ending the trust banks' specially-protected status, can only have hastened the day on which other Japanese banks, too, will be allowed to compete too, will be allowed to compete

for trust business. The entry of city banks into trust business would help them build up portfolios of long-term business. It would also cut into trust banks' traditional source of experience preserving the trust of earnings, pressuring the trust banks themselves in turn to expand their non-trust main-stream banking business.

If it is possible to see the breakdown of formal distinctions between lung-term and shortterm banking business in Japan and the liberalisation of interest rates, the distinction between banking and securities under-writing seems more secure—if only because the United States, maintaining its own such distinc-tion, can hardly press for

reducing the cost of funding the subdest deficit.

The Japanese government has promised a "step-by-step" liberalisation of interest rates in larger deposits, effectively making a virtue out of necessity. The approaching maturity of large transfer in the subsidiaries, to lead-manage Euromarket bond issues, in which case the door will have need more than a crack. The bankers themselves, having felt too large transfer in the subsidiaries of the The approaching maturity of too long on the defensive against large tranches of government the aggressive, fast-growing bonds is already beginning to offer more sophisticated deposi-

Competition begins to work in favour of the outsider

Bond Markets

PEREMY STONE

THE RECENT Yen liberalisation agreement between Japan and the U.S. lends itself to a pair of natural but opposed interpretations.

marketplace, the Japanese yen bond off the ground is—in managed to get away with the words of a leading participant in the market—harrowing On this view they gave up kitle more than a promise to let foreign institutions into the waiting room at the Ministry of Finance. It may well be that the opening of the trust bank-ing business to foreign banks is

going to be of this frustrating character. Genuine concessions

In contrast, the changes which have been made to the Wen hard never concessions, how-ever circumscribed. The relax-ation on credit ratings for foreign borrowers of domestic

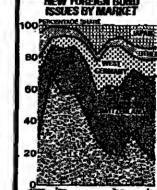
of the Samural and Euroyen markets.

However, the relaxations do not appear to apply symetrically in the two markets, so that there is every prospect that the expansion of Euroyen activity as a precondition for inter-nationalising the yea-might take much of its impetus from a reining back in the volume of samurai issues.

The first is that faced with the sight of Mr Regan buffing and puffing with threats to blow on the issuance of samurais, down the doors of the Tokyo the process of getting a domestic pant in the market—harrowing in the extreme.

To grapple with the samprai market is just not a rewarding business; disclosure requirements are expensively detailed, and in Tokyo yields are so com-pressed that differences of 5 or 10 basis points can become a

arrangements the four lead managers may compete furiously with each other to get the business, they afterwards collaborate in ways at which borrowers



age of the foreigner, in tha sense that the managers have persisted with aggressively low upons despite an embarras-

or 10 basis points can become a life or death negotiating matter.

Moreover, tha cartelised nature of bond underwriting arrangements in Tokyo normally means that although the four lead managers may compete furiously with each resulted from this bout of pricting-machismo. In a game where the control of the rising dollar interest rates call most of the shots, forcing the Japanese government to shelve its long bond issue in

The Samural Underwriters Association has expressed doubt as to the chances of go-ing shead with the Y90hn (\$379m) of issues currently scheduled for August. In the light of such difficult-ies, the remaining shackles on

the Euroyen market are negligible. Except for the unfortu-nate 180-day embargo on bringing these issues back to the domestic lender, Euroyen bonds ought to become as free a market as any other denomi-nation of Eurobond.

The offshore arena is clearly more comfortable for corporate borrowers-corporate samurais have been an awkward species from the very beginning five years back, when Sears, Roebuck floated the first unsecured bond in Japan since 1933—into an unreceptive market. And for sovereign borrowers, in whose interest the samurai market was opened in the first place, the position as scarcely differ-

The main puzzle is why, with so few Japanese assets to finance, non-Japanese should wish to borrow yen at all. If the persistent Japanese surplus is allowed to cause an apprecia-tion of the yen, the low nominal coupons on yen bonds could prove something of a snare. But perhaps borrowers just dishalieve the propagators which

disbelieve the propaganda which says that the yen is no longer going to be a managerially depressed currency.

yen, and the extended list of askance. Japanese borrowers qualified in the last two or three on pushing out samurais into present themselves in front months it appears nevertheless definitely as if international of Europen lenders could result that intra-mural competition market yields had remained in a simultaneous broadening has been working to the advant- atable. The view from Okasan Securities.

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Local banks face offshore challenge

Financial liberalisation

ROBERT COTTRELL

THE internationalisation and liberalisation of the Japanese financial system is all very dynamic and exciting, frets a Japanese banker, but aren't Japanese regulators rather overlooking the health of the domestic banking sector in their efforts to open up to foreigners?

The yen-dollar accord reached in May does indeed open up fee-underwriting should go, in earning opportunities in the favour of negotiated charges. Euro-yen markets—but to just about everybody except Japanese banks themselves, protests this hanker, who works for one of the "city banks," Japan's bloc of 13 large main-stream commercial hanks.

Supposing, he protests, a Japanese industrial company were to float a Euroyen bond, the lead-manager could, under the new liberalisation proposals, he a unit of, say a European universal hank, it could be the securitles offshoot now operated by most large British banks. Or it could be the overseas subsidiary of a Japanese securities house. But it could not, almost uniquely not, be the overseas subsidiary of a Japanese bank.

Is that fair? Or another example. The or another example. The more energetic city banks have long eyed appreciatively the pension fund-management business which is the protected preserve of Japan's seven "trust" banks. At long last, the trust banks are to be exposed to the winds of com-petition. But from where will that competition come? Foreigners, who are to be allowed to compete for trust business while other Japanese

banks are not? Is that fair? This hanker believes that the current wave of capital market liberalisation may have the general effect of making offshore markets so attractive as to drain a "substantial" to drain a "substantial" amount of fund-raising activity long-term mutuai interest.

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unless some of the rules are

ships of large companies are likely to continue, believes the city banker, though customers

may shop around more for peripheral services — perhaps owing sactifu enough to take their main hank's advice as to where to do that peripheral

Looking to the future, the banker helieves that the seg-

In a competitive environ

ment, some banks would emerge as the "universal"

giants, some as strong retail deposit-takers, some as whole-

sale institutions, some might remain purely regional entities. Already, be argues

there are too many banks chasing after basic mainstream

banking business. The regu-lators, he believes, should let market forces select a few winners and losers, with—if junavoidable—a "ahake-out"

not regulatory niches.

shopping.

Traditionally, domestic bond issues in Japan have been accured on assets. That practice is too cumbersome, believes this banker, and should stop. The market also needs a bondrating service with an authority comparable to that of Standard and Poor's or Moody's in the United States.

mentation of Japan's hanks into long and short-term credit in-stitutions with supposedly differentiated customer hases Banks should he free of "administrative guidance" on the supply and pricing of credit, freeing interest rates to he set bas well outlived its unseful-ness. Japanese banks, he says, should grow and specialise on the basis of competitive success, truly hy supply and demand. Fixed commission structures for securities trading and

Challenge

With changes of that kind, believes this city banker, Japan's domestic financial sector would meet the offshore challenge on equal terms. Of course, not all domestic institu-tions would profit equally from deregulation. Some would grow, while others might shrink, even need help.

So he it. The government should be ready with the means and expertise to limit any local crisis. There are examples in other countries of the assets and liabilities of a troubled bank heing absorbed, through rescue and merger, by other institutions.
But will anything make the

Japanese system freely compe-titive while impenerably tight bondage persists between major banks and major corporate customers? The city hanker acknowledges that such tight links exist, historical in origin but with perefectly sound justice. fication for their continuation. Principal hankers, he says, are there through had times as well as good. It is no use a corporate client chopping and changing his bankers in search of cheaper service through profitable years, and then expecting any one of them to support his company through a rocky patch. The main bank hig client relationship is one of long-term mutual interest.

PROFILE; A FOREIGN BANKER IN TOKYO

Diversification away from the mainstream

"WE SAT down," confesses this foreign banker in Tokyo, went right back to basies, and asked ourselves-'is it worth It?' The return on assets is low. Companies below the first sector on the Tokyo Stock Exchange are dodgy. We don't understand smaller companies, and we produce what everybody else produces."

This particular bank, oue of the largest in the world, decided that Tokyo was too important a financial centre, with too great a long-term polential, to let go. Instead, its local office will diversify Its range of services away from mainstream towards fee and commission-based services in the hope of generating more new husiness.

But don't Japanese officials maintain that there is essenmaintain that there is essentially no discrimination against foreign banks in Japan, that they have the same funding and lending opportunities as locally-incorporated lustitutions?

"But I don't care what anywheth arms which has been at "But I don't care what any-body says—this has been at least until now the most highly regulated financial en-vironment in any developed country. Despite all the talk about liberalisation, progress has been absolutely minimal. Seeing is believing" replies the foreign hanker. the foreign banker.

An example. "We are free, we have been for years, to mak foreign currency loans to borrowers offshore." It might ln any case he easier to book such a loan through, say Hong Kong or London, but it it may be that the Tokyo office wants to cement a client

Asking permission

"We have to pre-advise the Ministry of Finance. It amounts to asking permission." Full details of the loan, in writing, are taken round to the ministry by two representatives of the bank.

"if you are a city bank, with thousands of employees, two people is point zero zero zero something of your staff. We have one hundred people here. Two people is 2 per cent of them. We have no com-plaints on a personal basis, it is just the amount of time. The desperate amount of

Winning Japanese porate clients has not been a

Ç55)

particularly easy process.

"The sentiment, charity begins at home, is extraordinarily strong. There are still many of the protectionist impediments, visible and invisible, which have traditonally made It hard for foreign organisations to expand."

The banker has nothing but

admiration for the tonghness and self-sufficiency which have turned Japan round in 40 years from a war-shattered economy to the second power of the non-communist world.

Bul Japan, be believes, faces a protectionist backlash. faces a protectionist backtast.
Unless it relaxes its resistance
to things foreign, including
financial institutions, "the
longer Japan postpones
atlempting to catch np, the
more difficult it will be."

Graduate

This foreign banker con cedes readily enough that overseas institutions may not overseas institutions may not have pul enough resources into penetrating Japan. His own hank is only now developing a long-term personnel policy providing for local grad nate recruitment, language training for expatriale staff, and rotating managers back to Japan for more than one posting.

Otherwise, "you're here for three or five years, and you leave just about as soon as

leave just about as soon as you've worked out what is

you've worked out what is going on."

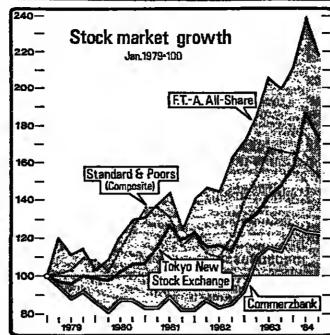
Financial liberalisation, he says, is just one facet of forcign efforts to penetrate Japan, as Japan has penetrated other countries. "The cutting edge has shifted from oranges and apples and beef to capital markets. Internationalising the yen is relatively paluless—less painful than putting 500 farmers in Hokkaido out of work, which is politically very difficult."

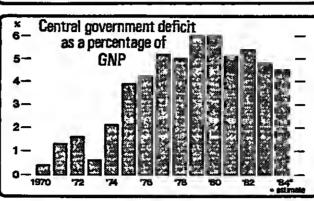
Liberalisation will hring smaller local banks under pressore, by opening up their protected market segments to competition. But whether it will mean more husiness for foreign hanks depends largely

foreign hanks depends largely on how Japanese hareaucrats interpret the spirit of liberal-isation.

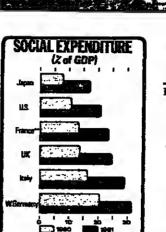
"There's an extreme reinc-tance on the part of the Bank of Japan and the Ministry of Finance to relax controls. what they are absolutely sure what they ought to do, they will err on the side of caution. Bureaucracy takes a heavy

Robert Cottrell













for foreign	inst	itution	16				
BILATERAL 7 (hillions				S OF JAPAI ally adjusted			
			1984 Jan-				1984 Jan-
	1980	1983	Apr		1980	1983	Apr
Japan vis-à-vis			•	All			
Uniled States	7.0	18.2		countries	-10.7	20.4	27.9
European				FOB			
Community	8.8	10.0		balance of	!		
Germany	3.3	3.5	_	payments			
U.K.	1.8	3.1	_	basis	2.1	31.6	41.9
East Asian				Current		-1.0	
NICs*	10.8	12.7		account	-10.8	21.0	33.8
			Corea, S	ingapore, and	Taiwa		
Source: Morga	n Gua	iranty					

	1975	1976	GNP / G 1977	DP GRO 1978	WTH (1979	per cent) 1980	1981	1982	1983	*1984
Japan	2.3	5.3	5.3	5.0	5.1	4.9	4.0	3.2	3.0	4.7
U.S	-1.2	5.4	5.5	5.0	2.8	-0.3	2.6	-1.9	3.4	6.0
OECD- Europe	-0.9	4.6	2.4	3.0	3.3	1.3	-0.1	0.6	1.3	2.3
* Forecast.				-	-				Source:	OECD.

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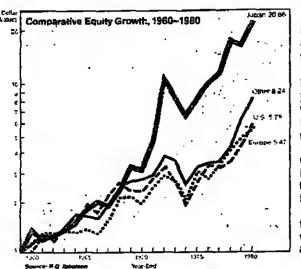
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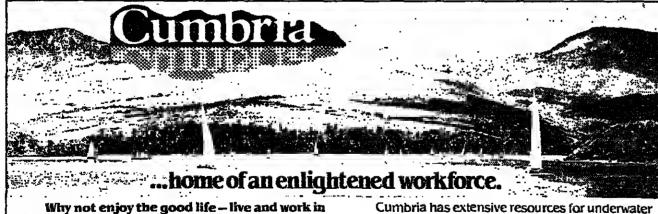


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Businesses which know no frontiers

Trading houses

ROBERT COTTRELL

JAPAN'S MINE giant "sogo shosha," or general trading companies, must tire of reading their own obituaries. They appear to have discovered the secret of perpetual obsolescence, remaining in business while always seeming to be on the

way out of it.

The strongest survived even the methodical dissection imposed by Japan's post-war U.S. administration. Mitsui and Company, then the largest sogo shosha, was split into over 200 shosha. separate companies in 1947. By 1959, it had reassembled, and now handles about 10 per cent of Japan's exports.

Sogo shosha are businesses without frontiers, merchants of without frontiers, merchants of commodities, manufactured goods, and turnkey projects. They handle Japanese exports and imports, transactions inside Japan, and business solely between overseas huyers and sellers. This last codegory of offshore husiness is small—about one-seventh of the "big pine" soon chosbe's aggregate nine" sogo shosha's aggregate

sales—but growing.

The sogo shosha are among the last unqualified promoters of "big is beautiful." The big nine handle, between them, over nine handle, between them, over balf Japan's foreign trade. Marubeni Corporation proudly notes that its offices exchange, every day, enough information to fill 1,400 pages of the New York Times. They are, individually as well as collectively, larger traders than most sovereign states. Mitsui and Co, became in 1982 the fourth-largest exporter of goods from largest exporter of goods from the U.S., after Boeing, General Motors, and General Electric.

Diversified

Companies and governments abroad have talked of copying the sogo shosha form—South the sogo shosha form—South Korea having come closest in practice with its own diversified conglomerates. The time may conglomerates. The time may well have passed, however, at least for other developed and near-developed countries. The Japanese pattern suggests that companies of the scope of sogo shosha need to grow up alongside a manufacturing and trading sector, rather than being graftable-on later.

The financial statements of a

The financial statements of a sogo shosha would horrify a stock or bank credit analyst if they were published by almost any other company in the world. Deht towers over a tiny equity base, yielding a small, volatile net return to shareholders. Sogo shosha look like they could be wiped out hy a bad their second century of hust-

ness.
Sogo shosha owe their sur-prising strength to being part of a larger system. They are skilled in day-to-day dealmak ing, but their growth and present size owes more to their or their past parent com-panies'—strategic and diploma-

guaranteeing them a degree us foancial stability far greater than that apparent from their halance sheet. Missubishi Cor-poration is linked to Mitsuhishi Bank; Mitsui and Co to Mitsul Bank; Marubeni Corporation to Fuji Bank; C. Itoh to Dai-Iohi Kangyo Bank. These hanks rark among the largest in the world in asset terms.

Groupings The banks belo cement. through common client relationships, the soga shosha's relationships with the companies which provide their "core" product lines. The tighest grouping is that around Mitsuhishi Corporation, now the largest sogg shosha

largest sogo shosba.
Mitsubishi Corporation was originally the sales department of a shipping-based conglomerate founded in 1870. The

glomerate founded in 1870. The shipping company made big profits from government contracts, and diversified into hanking, shiphuilding and miniog. In the 1930s, encouraged by the Japanese government, it started building warships and fighter alreraft, including the "zero" fighter.

After the war, the Mitsubishi "zaibatsu" or conglomerate was broken up into individual companies, and Mitsubishi Corporation, its general trading arm. tion, its general trading arm.
was also broken up into 150
smaller units, by U.S. occupation administrators who viewed it as an unhealthy concentration of economic power.

Mitsubishi Corporation re-assembled itself by 1954 Other Mitsubishi companies, though no longer under the same boldno longer under the same bold-ing company, retained their ties with Mitsubishi Corpora-tion, and Mitsubishi Bank, to form an "enterprise group" including Mitsubishi Mining; Mitsubishi Metal; Mitsubishi Heavy Industries; Asahi Glass; Kirin Brewery; and literally dozens of other manufacturing



tic skills in creating industrial and commercial affiliates which became the sogo shosha's prime customers, and developlog enduring client relationships with other existing companies.

The sogo shosha's most important historic relationships are with particular large banks, guaranteeing them a degree of floancial stability far greater

Bank.
C. Itoh is the largest of three sogo shosha grouped around the Dai-Ichi Kangyo Bank, a circumstance arising in part because Dai-Ichi Kangyo is the product of a merger 10 years ago between the Dai-Ichi Bank and the Kangyo Bank, each of which had its own respective client groupings.

The big sogo shoshs managed to survive the post-war dissec-tion, in part because the Japanese Government wanted them to do so. The post-occupation government not only blessed their reconstruction but, on the 1950s channelled to them precious forefgn exchange, second in line only to the manufacturing companies with-out which there would have been nothing for the sogo shosba

to export. The Japanese Government of The Japanese Government of the time had also blessed the hirth of the first sogo shoshs in the 1870s, when it wanted Japanese trade in Japanese hands and away from the foreign companies which con-trolled it. The Japanese Government had before it the unedify-ing example of China's terri-torial integrity being continually undermined by the demands of foreign govern-ments for ceded or leased trading posts, such as Hong

Kong. But if sogo shosha were But if sogo shosha were needed then, are they needed now? Detractors liken them to dinosaurs: large, unwieldy, left behind by economic evolution. The sogo shosha, say critics, are on their way out because:

JAPANESE INDUSTRY now is led by its car and electronics manufacturers, which prefer to do their own sales and distribution. The more sophisticated a manufactured product, the more it needs

profits to repay debts. In the past, banks have lent "whole-sale" to sogo shosha, for the soga shosha to provide "retail" trade, finance, and sometimes investment capital to customers. In thinner times, hanks may prefer to go straight to the smaller customer, rather than via the sogo shosha.

GROSS PROFIT MARGINS are falling — from an average in the sound common carrier of telecommunications following next the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, are independent of the hidustry, Mitsul and Ca, and Marubeni Corporation, and data-communications circuits.



All in Japan is not the total efficiency believed in the West. There are individualistic business styles, and the industrial workforce handles stoppages in its own

WHAT THE TRADING HOUSES DO .

• Market research, identify- Market research, identifying channels of supply and demand for products and services worldwide;
 Making introductions between potential buyers and potential sellers, possibly a chain of buyers for batter transactions, and helping them argree a deal;
 Providing trade finance for deal perhaps also project. a deal, perhaps also project-related equity or long-term loan finance;

 Getting through inter-national red tape with legal advice and documentation; Transport of goods; Gathering of information, both for customers and for own credit and risk analysis.

hut as generalists rather than specialists, despite the in-creasing need for specialists win higher-technology husiness.

Rather than presume another sophisticated a mannfactured product, the more it needs its own, specialised, sales and after-sales service network. Sogo shosha look likely to handle a decreasing proportion of Japan's increasingly high-technology exports.

JAPANESE BANKS are finding look demand slack as elevery in the founder management of the founder management in the founder management of the founder management is one of the founder management is one of the founder management in the founder management is one of the founder management in the founder management in the founder management is one of the founder management in the founder management in the founder management is one of the founder management in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shosha are catching up. They account for some early investment in the sogo shos high-technology exports.

APANESE BANKS are finding loan demand slack, as slower is one of the founder managements are making less capital investment, and using profits to repay debts. In the second common carrier of tele-

falling — from an average ingly popular with cash1.9 per cent five years ago strapped developing and comto 1.4 per cent this year for munist countries. A Japanese the hig sogo shosha, a car manufacturer, offered paysymptom of stagnant turnover ment in coffee or cabbages, and rising costs. Sogo shosha would be perplexed. For the have large and perhaps sogo shosha, coffee or cabbages inefficient professional staff—are just cash by a different they hire bright graduates, name.

Shizuo Takano, senior managing director of JVC, talks to Jurek Martin

Exposing some myths about Japan

THOSE WHO believe that all Japanese businessmen are dult and over-zealous should try sitting down with Mr Shizuo Takano, the senior managing director of JVC — who is sometimes described as the "father" of the VHS system

video cassette recorder. The truly fortunate will find The truly fortunate will find Mr Takano bolding court at his favourite establishment, a classic Japanese restaurant called Keigetsu, tucked away in a back street of Yokohama, where be was born in 1923. Here, on his home turf, be really unwinds, over several

ourses of incomparable food, liberally interspersed with mizu-wart (whisky and water) or, in summer, shochu, the distilled Japanese liquor.

small, tanned and trim, with a thick thatch of white hair, he displays a consuming interest in European affairs, with the labour situation in West Germany recently much on his mind. He also expresses particular likings for British pubs and taxi drivers, but less for Berlin's night clubs.

Weaknesses

But be really warms when be expounds on the nature of the Japanese company: Its strengths and weaknesses, its role on the world stage, where it differs from its Western counterparts, and on its relations with its own govern-

Q: What are the major lessons you have learned from leading

JVC's nverseas expansion?

"Am enormous number of things. The first is that some of the things that were said to be unique to have a surplus to have the said to be unique to Japanese workers aren't necessarily true. People said that Japanese workers are exceptionally diligent, manually dextrous and so forth, but our experience in the UK and in Berlin and with the European trainees we brought over to Yokobama simply did not bear that out. It is simply not true that Japanese workers have special characteristics.

"Nor is it true that Euro-pean management is inferior to the Japanese. In fact, senior extremely hard and tends to have a complete view of what is happening in their company Japan where too management tends to lack overall information on what is going on in a company.

Different angle

"But you have to look at this from a different angle and take into account the different back grounds and attitudes in Japan and Europe, in perticular. Generally speaking, European society is far too well structured rigid even. For example, Oxbridge graduates are assured of cetting to the too, it's all of getting to the top, it's all predetermined by society, whereas a repairman or a soiderer is stuck with doing just that.
"But in Japan the organisa-

tion of society is not so rigid; Prime Ministers bere bave been sons of farmers, so repairmen or soldiers can just as easily become managers — the incentive to rise in Japan is much grester; so a typical worker will give ideas to his bosses and do extra work in order to get ahead. In Europe, often you are simply not allowed to

What this means is that in Europe top management has its own set of responsibilities which it resolves by itself. But io Japan we bave a vast number of subordinates who are willing to do extra work, so once the Japanese executive is at the top of a company he actually can relax a little."

Q Could you manage a Euroan company? "Frankly, I have some doubts. Remember, I have all these subordinates at work for me. So when we have a business negotiation over there with a European company, we find ourselves dealing with one top executive whereas we Japanese tend to bring a large delegation



learned

to respond to every conceivable question that could be asked. Alone I don't think I could do it."

(At this point, Mr Toshihiro Kikuchi, a JVC general manager, interjects with a laugh: "Come on, Takano-san, everyone knows you are the one per-50n who always prefers to go to Europe on your own.") "There's another thing which

"There's another thing which I would find difficult to adjust to, which is the way Europeans conduct negotiations. Over there, they always seem to start negotiations from the point of asking more, maybe 20 per cent more, than their real final notition. We Japanese find We Japanese find this very rude, even shocking, wa do it the other way round. We tend to start slowly and humbly, and build up our case through consensus. But we are often prepared to settle for less than the optimum.

"Actually, Japanese negotiations, because they tend to be very complex, with relations with banks and other companies

to be considered, tend to be what I call "wet" whereas in Europe, especially when you are dealing with just one senior executive, they are extremely "dry." Personally, I really enjoy face-to-face negotiations with an executive whom I know is trusted."

Q Would you like to see apanese companies run Japanese differently?

Well, here in Japan virtually nobody audits the com-pany's capital, which is very different from overseas. We do have auditors, of coursa, but, to be honest, they do not do

This lack of oversight makes
Japanese management worry
much less about capital costs
than in Europe and though,
obviously, it is true that
worrying too much ahout dayto-day finance can be a disadvantage, I think there is a need
for greater surveillance over
too management in Japan

top management in Japan.

"A big reason for this is that today technology and product cycles have shortened so much. We used to reckon that one technology would last fer years and was could last fer one technology would last fer years and we could live off it for a long time, but that is no longer the case. You get to the stage when you need to look over the company on a shorter cycle with review of managerial performance on a regular basis, which is something we don't really have in Japan.

But this shouldn't simply be the old-fashioned balance sheet and public liabilities judgment. That's no longer adequate for the modern day. We should include such factors as management record, goodwill, planning, engineering skills the ning, engineering skills, the number of patents we file, our dealer strengths, to get a sense of the "phenomenon" of the company.

"I am not afraid of evaluation by quarterly or semi-annual reports. And if you CONTINUED ON NEXT PAGE

Prosperity narrows class differences

Labour ROSERT COTTRELL

IN THE restive post-war years, a frequent rallying cry of Japanese labour was: "Pay us Japanese labour was: An enough so that we can eat."
As economic reconstruction gathered speed, the demand shifted to: "Glvo us wages equal to those of European workers."

Japan's "catch-up" growth in the 1960s and 1970s rapidly brought living atandards up to brought living atandards up to "lawels. An approxi-" and themselved themselved the source of themselved power is provided by the diffusion rate of consumer durables

In 1960, roughly one housebold in ten bad a refrigerator or a vacuum cleanor, four out university is a major budget of ten a washing muchine; by item: in 1982, it cost Y116,630 1980, virtually every household a month (\$490), or 29 per cent had these appliances. In 1970 of the average family budget, two households in ten bad a to put two children through car or a colour television set; by 1980, six out of ten housevely according to a survey by the General Council of the language of the second of t holds owned a car, while the Trade proportion without colour tele- (Sohyo). vision sets was statistically insignificant. Four out of ten houses were air-conditioned in

1980, against one in 20 in 1960. Japan's per capita gross free record of industrial rela-national product compares tions. In 1982, 540,000 working favourably with many European days were lost through strike nations—higher than that of action in Japan; compared with Britain, for instance, and lower than that of West Gormany. Wages are more evenly spread. On average, the Japanese pany president makes 7.5 times according to the Japan Federation of Employers' Associations

The federation reckons that dents and entry-level workers per cent in Italy in 1978. in the U.S. and Europe is more While strikes as such are rare

times the wage of a rank-andfile worker, excluding perks.

Relatively compressed salary scales are probably one scales are probably one loudeneds and headbands, and the use of loudeneds and headbands, and the use of loudeneds are loudeneds as the state of loudeneds are loudeneds. Trade unions in Japan are file worker, excluding perks. Relatively compressed salary

Record

For many families, putting children through a private Unions of Japan

Rapidly-rising prosperity, and the absence of deeply divisive class-consciousness, bave belped bring Japan an enviably strike-5.3m in the UK, and 9m in the

Absenteeism in Japan is low, at least as ahown in the most recently-available statistics. In 1977, Japan's absenteeism totalled just two per cent of scheduled working bours, com-pared with 3.5 per cent in the U.S. in 1978, 7.7 per cent in the differential between presi- West Germany in 1979, and 10.6

like a factor of 80 to 50. In in Japan, demonstrations and the Soviet bloc, says Nikkeiren, brief stoppages by workers are party officials make roughly 15 relatively common. These occa-

scales are probably one and headbands, and the use of important factor in that atate loudspeaker vans with which

important ractor in that atate of mind which, according to a much-quoted aurvey, leads 90 per cent of Japanese to describe themselves as "middle-class" (a recent poll indicated that two-thirds of Britons believe themselves to be "working-class")

indispersaler vans with which buildings to harangue management.

Some sociologically-inclined students of Japanese industrial relations say the ritual trappings are used precisely in order themselves to be "working-class") dispute, to indicate that the protesters are playing out a par-ticular disruptive role which

> sive," or shunto, an annual bargaining period duriog which most companies agree the wage settlement for the forthcoming year. In the months before sbunto, employers' federations meet to discuss the level of settlement which can be afforded. The actual bargaining process is led by the large heavy industrial unions, whose pay settlement "norm" is fol-lowed by amaller unions and

Heavy industry has been at e top of the shunto pecking order since 1855, but is now rate has remained low—typic-coming under pressure from ally around three per cent over other unions, notably those of private-sector railway workers. These critics argue that Japan is outgrowing its beavy industry, so that the bargaining position of workers in that sector incknamed "madogiwazoku," or salary of ber male counterpart.

Trade unions in Japan are organised on a company basis, rather than by craft or industry. While a company cannot offer financial support to its house trade union, it can pro-vide supporting services (invide supporting services (including payroll deduction of union levies) and relieve iog unproductive workers is officers from duty. Animosity towards management is not an iotegral part of the Japanese trades union outlook. In larger companies, the secior union officer may hold a position analagous to that of the personnel director of a large companies of an acute labour-shortage. orderly everyday work.

Most demonstrations by workers come at about the time of the so-called "spring offensive," or shunto, an annual barraining of the so-called "spring offensive," or shunto, an annual barraining of the so-called "spring offensive," or shunto, an annual barraining of the so-called "spring offensive," or shunto, an annual barraining of the so-called "spring offensive," or shunto, an annual barraining of the so-called "spring offensive," or shunto, an annual barraining of the so-called "spring offensive," or shunto, an annual barraining of the Japanese trades union outlook. In larger companies, the sector union officer may hold a position analogous to that of the personnel director of a large companies.

Federations

In 1983, a total of 12.52m Japanese workers were organ-ised ioto 74,486 unions, most of were affiliated to four main federations. Union members accounted for 29.7 per cent of the Japanese workforce, a penetration rate which bas been falling steadily from a peak of 46.2 per cent in 1950.

The Japanese unomployment rate has remained low—typically around three per cent over
the last decade—in part because
companies have been unwilling without the job
securities or fringe benefits.
Women remain seriously dis-

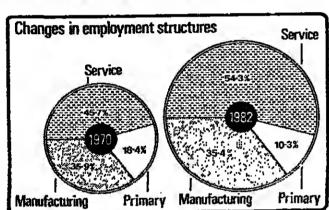
Factory workers may ssigned to other jobs, traided as salesmen. to other companies. The propor-tion of "surplus" workers at larger Japanese corporations has been estimated by analysts at between three and ten per

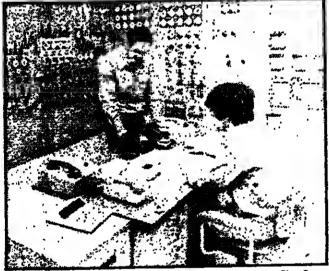
face of an acute labour-shortage. "Lifetime employment" applles to permanent staff in big companies, thus to only pe haps one quarter or one third of Japan's total labour force. Such companies will retain a Such companies was degree of flexibility by hirln the companies or "part-time" staff, who may be permanent in all but name and status, and by long-term sub-contracting.

It is the lifetime employees who bave felt most fully the benefits of Japan's prosperity. Small company employoes earn significantly less—perhaps 50 to



Wood turner at work. The absence of divisive class-consciousness has brought a eollective attitude to work extending from the craft worker to employees of big companies and enabled Japan to achieve an enviable industrial relations record





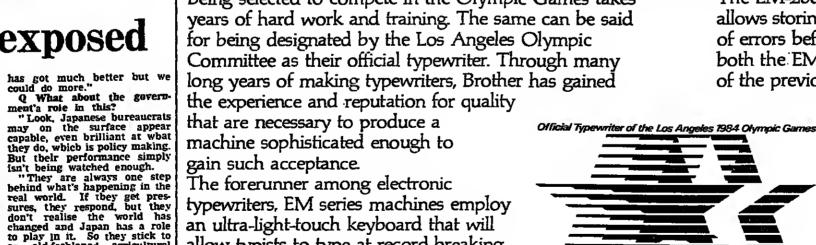
Workers in a geothermal power station.

Gear-Up For The Olympics With Brother

Being selected to compete in the Olympic Games takes for being designated by the Los Angeles Olympic Committee as their official typewriter. Through many long years of making typewriters, Brother has gained

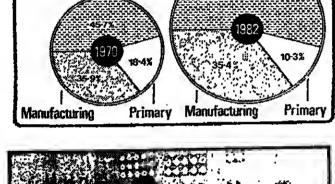
The forerunner among electronic typewriters, EM series machines employ an ultra-light-touch keyboard that will allow typists to type at record-breaking speed. They won't be tripped up by typeface or ribbon changes either, for Brother's cassette-enclosed daisy wheel and ribbons slip in cleanly and effortlessly. The EM-200 with its 16 character display and 8K memory allows storing text and phrases, and detection and correction of errors before they're printed. The correction memory on both the EM-200 and EM-100 permits automatic correction of the previous 500 characters. Press a button and you are

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Brother Industries, Ltd. Nagoya, Japan	Acores





Absenteeism in Japan is low and serious strikes rare.

Myths exposed

CONTINUED FROM PREVIOUS PAGE

add all the other factors I've just mentioned, you should avoid the dangers of too much short-term evaluation, but we really bave not done that yet."

Q It is often said the Japanese political and governmental systems are too inward-looking. Is it up to business to make the country more internationally minded?

"It is very difficult

generalise. There are so many differences inside industries and sometimes inside companies with some artitudes and in-dividuals advanced, some not. "But just take a look at the last ten years in Industry — to make a value judgment bos become much, much more complex. Ten years ago we simply went to Asian countries to avail ourselves of cheap labour, but now we go to Europe and the U.S., unthinkable ten years ago. to reduce unemployment there or expand markets there."

or expand markets there."

"We no longer do any business based on a simple philosophy (ie to make a profit based on cheap labour). We bave to face the fact some countries, those which have the fact some and democracy, are in difficulties. If lhey turn to Japan for holp, we should try and give lt."

"We now livo in a much more country at large. And in that complex global socioty and sense. I think they have dono

they do, which is policy making. But their performance simply isn't being watched enough.

"They are always one step behind what's happening in the real world. If they get pressures, they respond, but they don't realise the world has changed and Japan has a role to play in it. So they stick to an old-fashioned agricultural policy (of protectionism) and it is this sort of attitude on their part which has helped persuade other countries that the

suade other countries that the name of the game is to threaten Japan. "Maybe in the last year or two the bureaucrats have got a bit better in certain respects but it is a long, slow process to convince them that Japan really is a momber of the in-

remational community."

"The same goes to a degree for the politicians, who also tend to be too inward-looking. But you have to accept that their

complex global society and sense. I think they have done Japan's reaction to outside OK; in any case the alternatives has to be improved. It tives aren't too great."

Corporate culture



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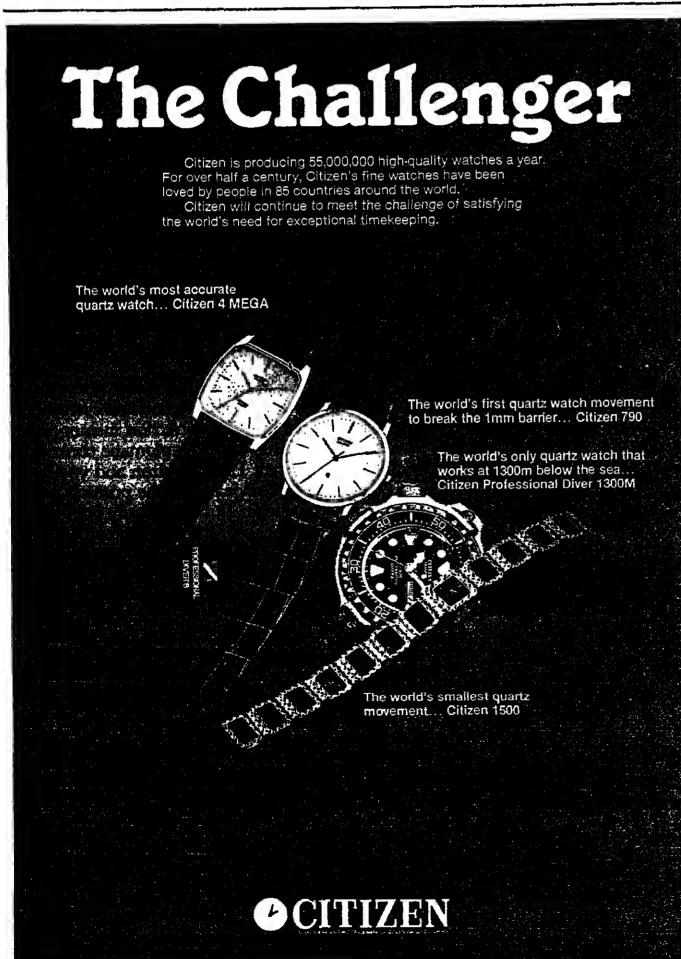


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Shopping precinct in Osaka. The big range of luxury goods on sale in Japan has changed a traditional society into a consumer society in the space of a generation

Chaos reigns in the offices of smaller companies

Operating at the other end of the efficiency scale

Working Life

JEANETTE NEWTON

DURING MY first days of employment in downtown Tokyo, I would often rush off to the "ladies' room" around 10 am. My colleagues may have suspected I lacked bladder control. In fact, I was treating myself to the sight of the office cleaning lady—a tiny, wizened grandmother—labouriously unravelling by hand the daily ration of two-ply toilet paper on to two separate spools.

This activity, a full 30-minute task, was my introduction to Japanese frugality. More importantly, it opened

More importantly, it opened my eyes to an apparent inconsistency:

Japanese "inefficiency."

As a foreigner coming to work in a Japanese service company, I was prepared for a few surprises, but in-efficiency was not one of them. I had imagined all companies to be mini-Mitsuhishis. Actually, there are two types: the Mitsubishis and the others. And we are one of the

others. Somehow I had rather looked forward to using the latest in Japanese high-tech office equipment (a wordprocessor, perhaps even a small computer, with a robot to make the tea?). Instead my (shared) secretary clatters away on an ancient Snopake-bespattered typewriter, the wires trailing dangerously three metres in mid-air to the nearest electrical socket.

The crowded working area is a jungle of paper, which swallows important and routine documents in-discriminately. During a recent move, no one seemed surprised to find unopened six-month-old mail from "our hind the filing cabinets. Con-sequently, cleaning is a thank-less task which is rarely attempted.

I sometimes think the happlest inhabitants are the cockroaches who scavenge for the crummy leftovers to be had from last night's sushi bentos (take away food boxes), still scattered around

ment is not everything. So I tried to accept the argument that keeping up the "team spirit" necessitates a chummy noise-filled open plan style.
When I need to do some serious dictation I can, after all, take refuge in that same

It's a little harder for my enraged clients to accept that for my call-back because the department's single outside telephone line (for 15 pepole) is occupied, but it's all part of taking a "long-term view,"

Beavering away

Now, the relative in-efficiency and lower productivity have to be com-pensated for somehow and the Japanese have a reputation for putting in long hours at for putting in long hours at the office. Here obviously was the secret. Sure enough, on the occasions I found myself churning out the paperwork at 11 pm an astounding 25 per cent of the staff still seemed to be heavering away.

What the casual visitor does not see, however, is that at 6 pm these people popped ont for diner, pnt in a quick game of mah jong or pachiako (advanced pinball) and sometimes a hefty drinking section, in the interest of and sometimes a nerty drink-ing session—in the interest of furthering business contacts, of course. It surely couldn't have anything to do with the overtime pay each recorded evening brings in?

Perhaps Pm being un-charitable. After all, the sweaty odour in our planning department in the mornings is the best testimony to the fact that some of the men never went home at all, in an attempt to finish some urgent

Strangely enough, the burden of work does not seem to fall equally among employees. Recently, the office partitions were removed, to reveal another team of workers who spend their day studying the newspapers and perusing magazines, idly cleaning their ears and elipping their fingernails. Still, one's working environ

Admittedly, these are not future company presidents, bot "madegiwa-zoku" literally, people who sit by the window—non-starters who've been put out to graze (or window-gaze). Under the life-time employment system they're guaranteed a job and, like everyone else they are regarded as part of our "family" and entitled to the same treatment as the high-

Luckily, there is no re-cession. Profits steadily in-crease and most companies seem able to afford the luxury of these less productive employees.

Of course, many of the perceived "inefficiences" are simply cultural differences which my Western management training cannot help me to erase. It is frustrating, for example, to watch the Japanese ritual of sophisticated "conscusu-forming (nemawashl). (nemawashi).

This involves my able assis-This involves my able assistant spending time out with members of staff departments in coffee shops, bars and (probably girlle) night-clubs all over Tokyo explaining our plans and winning agreement to them. The agreement to them. The meeting which ensues consequently has a foregone happy

ending, but still requires up to nine hours of mock debate.

It is not a happy task, how-ever, to explain to an inter-national client why he conse-quently may have to wait several days for an answer to the simplest of questions. Or the stunned silence which greets his request for an oninion. I will never forget the col-league who confided to me in the security of the Shinkau-sen (Bullet Train) buffet car

sen (spinet Train) butter tar after a lengthy but unpro-ductive meeting with a cilent during which he uttered not one word: "I wanted to say something, but it would have been very impolite."

Changing slowly

Western businessman, unwilling to compromise himself and his ideals generally leaves Japan convinced that he can alter nothing. And the delighted Japanese readily concur that nothing will change.

Actually, they're wrong. Some things are changing— slowly. Our company presi-dent recently attended a slick presentation designed to gain a new client. He was sur-prised and mystified.

Ten years ago he would have used his old boys network of university pals to spot new business prospects. A visit or two to a hostess bar (or, with a hig fish, to a geisha house) could generally clinch the deal.

clinch the deal.

Today, securing a client in Japan requires facts and hard slog, maybe even spending money un market research and outlining detailed proposals. Mind you, they still seem to end up in a hostess har afterwards.

* Jeonette Newton is one of the relatively few foreigners in Tokyo working for a Japanese

Tokyo working for a Japanese company.



Future arrives while the past keeps its hold

JAPAN is one of the casiest places in the world in which to nbserve the way the exponential growth of high technology is changing the very fabric of acciety. Electronic gadgetry, hullet trains and robotised abopping centres meet the eye of even tha least curious and few Japanese now question the importance which technological excellence plays in the future role of their nation.

Yet the overall picture of Japan's status as a driving force in technology, when viewed on the international level, is distinctly uneven. It is neither true that Japan is about to conquer the world with miracle-technologies hatched in government spansored research ment sponsored research laboratories, nor that the nation is a mere manufacturing machine relying on imported foreign technologies and lacking in the ability to handle its own

research at the basic level.

A fundsmental trend is clear towards a greater level of investment in research activities centred on increasingly aophis-ticated areas of technology, and many spokesmen in Japanese government and industry claim there is a supplementary drift

social and political lustitutions exists in such developments and the country has, in many ways. had e liberal measure of good fortune in the happy match these have often offered to the needs of e modern technologyorlented society.

Efficient

Thus the historically overend the customary efficient utili-sation of space, has favoured skills in the development of such ltems as micro-electronics and compact cars, and the intense competitiveness has en-couraged determination and bas ment policies controlling the re-edded "hour-power" to the imhursement price for new efforts of individual enterprises: drugs could have e major imwhile the "wa" philosophy of

In the older, traditional industries, where strict employment the trend is most consistent in
laws ensure worker security, smaller-scale firms.
there is overmanning while in Minoita Camera Company is a
the newer service industries under-manning is the rule as Executive Director of R and D,
employers strive to avoid being Dr N. Tashima, pointed ont that

This has resulted in a boom in part-time work, often using velopment group (engineering) female labour, with the asso- and a basic technology group to clated lower wages and, in many cases, in a very real tyranuy in terms of working bours and

The long hours of which many office workers are so proud often less reflect the amount of work done than the inefficiency of office practice. "Office automation" is ectually far behind that of many Western Churches that of many Western countries, in splta of the presence of im-pressive and well-publicised

"showpiece" exceptions.

A dependence on leadership and initiative coming via the hierarchical, seniority-based structure of an organisation is also often contrary to the spirit of creetive individual inquiry; something which emerges more readly in the freer structure typical in the West, and which is so vital in success in basic

Pressure

Political factors are clear in the moves to liberalise the telecommunications field, and to privatise the monopolistic Nip-pon Telephone and Telegra, h Corporation (NTT). This change has been prompted largely by pressure from the business community which sees the efforts of free enterprise as more likely to effectively cut rising informa-tion processing costs.

The government's move to liberalisation is also prompted by the belief that this is necessary to stimulate technological advance sufficiently to ellow enred overseas competitors.

government research labora-tories must also be found in the decision to submit to the Diet a government research laboranear future, as enormous growth revised "hill for the improv



Electronic gadgetry is changing the face of Japanese society, while the expansion in research programmes is making the big companies increasingly

towards placing a beavier em-phasis on hasic, as against applied, technology. Yet a major private companies la msk-strong product-orientation still ing them increasingly confident in the available resources and persists within even the biggest research establishments.

An inextricable linkage to social and political institutions and procurement contracts form organisation such as NTT, should they not support its joint research plans.

A further reason why in-company research is being encouraged, hy such measures as tax-credits and subsidies is that the Government is fecing severe hudgetary difficulties, which have led to a atringent control of funds even for very crowded nature of the islands important areas of scientific end the customary efficient ntili-Generation Computer project.

Political decisions are also a crucial infinence in such key fields as hiotechnology, where pact on the chosen direction of drug research undertaken hy seeking for perfection and con-sensus with one's colleagues has eased the potential strains. drug research undertaken pharmacautical companies. hig drawback to the predor hig drawback to the predomin-ence of company-based research On the negative side, howence of company-based research ever, an excessive concern with lies in the natural tendency of ever, an excessive content with regularity and loyalty in employment has produced a work factors first of all, when decid-force which is very adaptable in terms of daily occupation but is noticable in even the largest. In the older, traditional industries where strict amployment the trend is most consistent in

over-committed et times of slack in the past there have custo-business, in each product and a basic technology group to support the former.

Excellence

Now Minolta is looking at a third area, charecterised by the use of applied engioeering to combine accumulated fields of technological excellence and bolstered by in-company re-search in basic technology wherever it is needed to develop an independent capacity to produce the software and parts specified for future products. Major research is planned in the aree of "electronic imaging," a new emphasis
on "design work" and "company image" will be introduced
and R and D spending will he
held at nearly 6 per cent of total

aales. Yet, typically, these changes never stray far from a concern with products and the change in emphasis is mainly reflected in the increasing use of words such as "venture planning," "imaginative approach to the market" and the "merging of

technologies." The Japanese belief is that auch "positive thinking" when combined with hard work, a gradual move towards more creativity in research, and a continuing ability not only to purchase technologies from ebroad but also to anticipate new foreign trends by means of extensive intelligence gathering operations, will he sufficient to keep the country on track. The Government's awareness of the huge dangers inherent in any A new role for the celcbrated failure to keep up technologic-



Single-lens reflex cameras being assembled. Market factors continue to dictete the research priorities in blgb-technology

ment of technological develop-ment infrastructure." This would provide new tax

and financial incentives to pro-mote the development of high mote the development of high technologies. The Government is also setting up a new nationwide Information network system, focused on "technomarket" centres in big cities nationwide, which will help facilitate the buying and selling of patent rights related to high technologies and the exchange of information on technology advances.

Japan'a policies are particularly acute in relation to the U.S. Government funding of research in Japan (approx. Y1.6 trillion) in Japan (approx. Y1.6 trillion) la well below the comparable U.S. (defence excluded) figure of approx. Y4.5 trillion, yet the U.S. remains concerned over the extent to which Japanese companies receive government suppanies receive government force and automation. Further efficiency was under the use of robotics and automation of the current relationship menting small "clean areas" between NTT and its Japanese within only relatively clean suppliers, and for U.S. company access to NTT's basic research projects, which will better equipation of the current relationship menting small "clean areas" between NTT and its Japanese workers were also more co-operative than their foreign counter-

The U.S. Chamber of Commerce in Japan recently instituted s sub-committee on High Technology Trade Promotion, and this body has warned of Japan's superior intelligence raising the purity specifications gathering infrastructure, and of of the basic materials which go Its growing prominence in areas into wafer production.

of technology which are considered vital to both commercial is whether or not the U.S. made and military epplications. The a major strategic error in its

committee aingles out large-scale computers and optical communications as two such dual use technologies in which Japan bas a significant streogth, hul names 10 other key fields in which the Japanese have the potential to reach a leading position internationally.

Arguments

Probably Japan's most alguifi-cant success to date has been in the production of VLSI's. technology advances.

Concern over Japan's progress, though of a different sort, is equally strong among foreign observers, and differences over ment on certain points. It is Japan'a policies are particularly acute in relation to the U.S. Japan wizely made a heavy committeent to the development. commitment to the development of ultra-clean rooms, aided by extent to which Japanese com-panies receive government sup-port, and in particular over their allegedly auperior access to government equipment pro-curements.

The II.S. Chamber of Com-

move to the usa of advanced, but much more costly, 'wafer-stepper' technology for the 64K chip, while the Japanese stayed with an incrementally improved conventional photolithography process, thus achieving huge and crucial cost savings. Whatever the means, the Japanese lead in semiconductors has badly shaken its overseas rivala, and reduced their complacency.

Foreign pressure is also evident concerning Japanese plans to alter elements of its software protection legislation and concerning the opening up of NTT procurements to foreign hidding. In respect to the latter, the U.S. maintains that as many as 200 to 300 research projects exist within NTT in which joint activities with Japanese companies are underway, at the

Japan'a conviction is growing that its technological strength must be hacked up by a bigher ratio of domestically-developed technology, and in response a continuing re-shaping of estab-lished institutions, most notably perhaps the education system, is certaio to assume a high

Roy Garner



watches on sale in a department store. Electronic gadgets are changing everyday life as industry marches into increasingly sophisticated areas of technology

A LONGSTANDING COMMITMENT TO GLOBAL PRODUCTION

Toshiaki Tsuchiya, Managing Director, Nissan Motor Manufacturing (UK) Limited

By Geoffrey Murray

he foremost characteristic of our company, which sets us head and shoulders above other Japanese automakers, has been our commitment to internationalization. Since the mid-1950's, when we were planning our first overseas manufacturing plant in Mexico, we have made it our policy to produce our vehicles abroad." It is against this philosophical background that Nissan's recent decision to build a manufacturing plant on the site of the former Sunderland airport has to be viewed.

Currently the world's thirdranked manufacturer, Nissan's long-term goal is to account for at least 10 percent of worldwide car sales. It aiready has 24 overseas assembly and manufacturing companies in 20 countries. Celebrating its 50th anniversary last year, Nissan aet the assembly lines moving at a pickup truck plant in Smyrna, Tennessee, which has ample space for expansion; it began commercial vehicle produc tion in Spain through a majority share in a longstanding local manu-facturer Motor Iberica, started production as a result of an established joint car project in Italy with Alfa Romeo and opened a third plant in Mexico. In Japan, meanwhile, it began production of the Volkswagen

"Policy Of Extensive International Cooperation"

According to company President Takashi Ishihara: "These events are significant since they embody two of Nissan'a principal policies in oversess operationsinvestment in manufacturing facilities and cooperation with other leading car makers. The international automobile industry is in a phase of rastructuring and, inevitably, everyone will have to take on more responsibility in an international sense. I foresee considerable activity between Japanese and European manufacturera, for example, in botb joint ventures and technical exchange agreements. Our manufacturing operations in the region will play a key role in this."

Cooperation with other car manufacturers is an old tradition in Nissan. Its move overseas bas no: been motivated hy trade protectionism, and the attempts by a number of countries to restrict the

inflow of Japanese vehicles. It would have gone ahead just the same, with or without external pressure. Internationalisation started as eerly as 1952 when Nissan signed an agreement with the Austin Motor Company to build its cars in Japan under license. Reviewing the period since the first overseas manufacturing plant was established in Mexico in 1966 Mr Tshihara save-"The main motivation is a strong sense of international corporate responsibility. By investing in manufacturing plants as well as through our marketing activities, we believe we can contribute to the economies of the host countries, creeting employment opportunities and as-

"Importance Of Local Input"

sisting in the growth of auto-

motive-related industries."

Looking ahead to the start of the U.K. project, Mr. Toshiaki Tsuchiya. Managing Director of Nissan Motor Manufacturing (UK) Limited, sees it developing pretty much along the same lines as the other Nissan overseas operations of the past two decades. The company has a strong belief that its foreign manufacturing facilities should reflect a mixture of the best features of both Japanese and local management and working As far as Japanese input is

concerned, for example, Nissan is keen to see the idea of "participative management" develop to a level similar to that operating in its Japanese plants. By giving workers a sense of participating in the running of the plant and by creating a sense of personal responsibility in producing a good product. Nissan has been able to achieve major gains in hoth output and quality control A major reason for Nissan's move into Britain with

production facilities, as in the other 20 countries where it is already manufacturing cars and trucks, is to gain greater local market input. Mr. Tsuchiya explains: "Nissan long ago realised the limitations of exporting finished products to major overseas markets from its Japanese plants. That is why we have been so enthusiastic about shifting the production emphasis to a multinational base. Our highly automated assembly lines in Japan do allow us a certain flexibility in turning out cars that meet local needs, but by manufacturing in important overseas markets, we can do a lot more fine tuning, if you like. When we start production in Britain we will certainly be looking for an input of ideas from both our local managers and every individual worker to produce a truly British or European car, whatever the specific need might be."

"Safer, More Technically Advanced Cars"

As part of Nissan'a strong

commitment to research and development, it spent £160 million in 1982 to develop the integrated Technical Centre in Japan. Currently, there are some 8,000 R and D specialists among Nissan's Japanese work force of 60,000, while more than four percent nf the company's total net sales (in fiscal 1982, for example, this repre-sented spending in the region of £430 million) is budgeted for research activities in line with this commitment. The U.K. manufacturing facilities, as with all overseas operations, will eventually play a role in the company's push for safer, more efficient and technologically advanced cars in the decades

Out of this programme already has emerged Nissan's vision of the future in the shape of its research vehicle NRV-II, with a turbocharged, methanol-fueled engine and state-ofthe-art electronics to enhance safety and save energy. The electronics systems and safety devices include a radar auto-cruise system for maintain ing a steady cruising speed and avoiding collisions, a voice dialogue system which recognises driver commands and issues verbal warnings, and a computerised drive information system for automatic route planning and guidance.

The experimental vehicle also contains electronic warning systems such as a drowsiness monitor, which detects when the driver is nodding off and provides a sharp verbal jolf, and a tyre pressure warning device. Considerable attention has also been paid to structural design to reduce collision damage.

Another product of Nissan's automotive technology is a special car for the handicapped one of the most advanced worldwide, which enables thalidomide victims and others who

do not have the use of their upper limbs to drive by using an inger system of controls operated mainly by

The same stress on advanced technology goes into Nissan's production facilities, which now feature one of the world's highest levels of robotisation and automation. The company sees this less as a way of making more money than as a metbod of creating a happier atmosphere on the assembly line. Morale and motivation have improved because workers can now concentrate un more creatively satisfying tasks in the production process. Through learning new technical skills under company retraining programmes, workers have found challenging new positions within the company.

Within the next three years, some 400 to 500 British workers will have the chance to experience, first hand, the international management philosophy of Nissan, as it hires a work force for the first phase (Phase I) of the U.K. project (producing 24,000 cars a year); the second phase (Phase II) calling for production of at least 100,000 units and a work force of 2,700, will follow some time in the 1990's if all goes well. These workers, Mr. Tsuchiya stresses, will find a company that wants to give them as much responsibility as possible for the creation of high quality products.

Facts about Nissan In December 1933, two exist

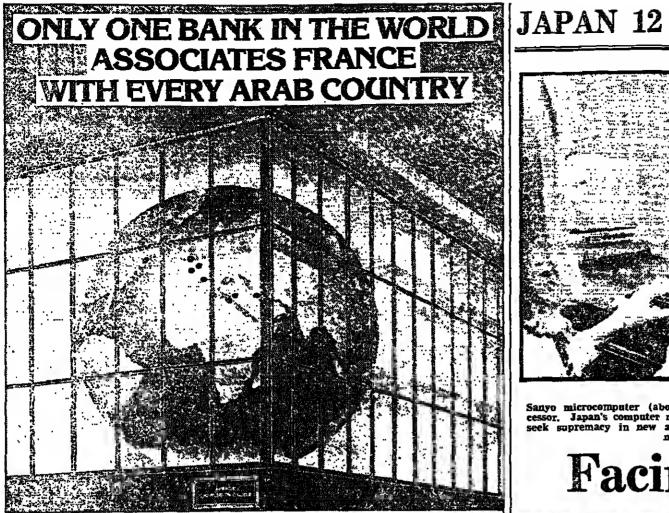
Japanese companies formed the Dat Jidosha Seizo Company to produce Datum company Datsun cars. Exports began in 1934 and in the same year the company pame was changed to Nissan Motor Co., Ltd. By 1940. Nissan was shipping its first knockdown sets overseas. Production in its first in Mexico started in 1966, followed by cer assembly start up in Australia in 1968. Nissan's automobile production has expanded rapidly in the nest decade reaching over 2.5 million vehicles in fiscal 1984 which represents the third largest production volume of any automobile company in the world. There has also been significant business diversification over the years. Today, Nissan is involved in the manufacture of forklifts and industrial engines. textile machinery, marine engines and various watercraft, as well as solid-propellant rockets for the Japanese space programme.

*Quote from President Ishihara



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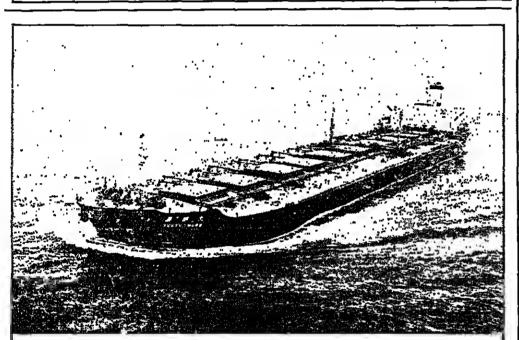
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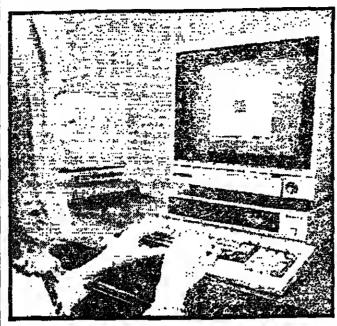
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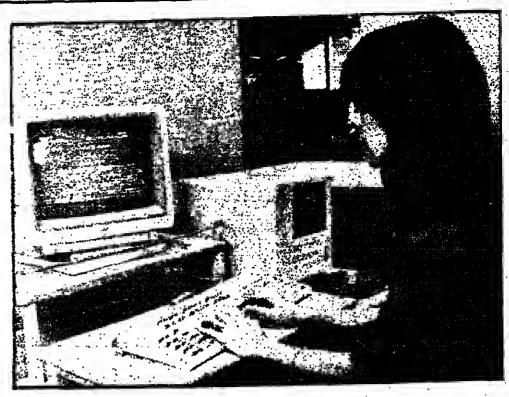
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Sanyo microcomputer (above) and, right, IBM word pro-cessor. Japan's computer research departments continue to seek supremacy in new areas in order to supply world markets



Facing up to the ultimate test

Computers

ROY GARNER

TECHNOLOGICAL prowess bas come to mean more to the Japanese in recent years than simply a means to the achievement of economic well-being. It has now assumed an important place in the make-up of Japan's national identity.

national identity.

Japan itself has played a large part in creating and encouraging the role which it has been assigned internationally as a high-tech jugger-uaut. The price to be paid for this glorious image is that It must be lived up to and there has developed an increasing has developed an increasing vulnerability to outside criticism of its abilities io areas of funda-mental technology. Any major failing in a key technological area has the potential to induce a response of national humlia-

tion Computer Technology (ICOT) specifically dedicated to the development of these new

The fifth generation development work has come to be seen as the ultimate test case of Japan's ability to succeed in creative high technology research. The term "fifth generation computer" denotes generation computer denotes not just another, more advanced, piece of bardware, but a body of new basic computer technologies founded on revised basic design philosophies, which can handle the more sophisticated computation. ing requirements of the communities of the 1990s and

beyond. These requirements are conveniently categorised by function in the outline of the research themes for the project.

First, there is a "problem solving and inference function." cessing, and to the fundamental content of the fundamental content of the fundamental cessing, and to the fundamental cessing. solving and inference function," cessing, and to the fundamental which entails logical reasoning principles which lie behind using data and knowledge developments in relational datastored within the system, in base systems.

ment.

One of the biggest problems facing the ICOT project is the difficulty of finding sufficient bright new researchers.

The current numbers.

of reasonable judgments and test results organised as units

Third, comes "intelligent Interface function," which denotes the capacity for humans denotes the capacity for humans to interact much more easily with the machines, a quality popularly referred to as "userfriendliness." Soch a computer would be able to process speech, graphics and images, though the provision of a linguistic shiller provision of a linguistic ability is the key aim.

Fourth, there is an "intelli-gent programming function" whereby the machine would be able automatically to convert problems into efficient computer programs, thus relieving humans of a burgeoning and

time-consuming chore.
Conventional computer systems cannot bandle such functions as inference and problem Shades of such discomfort were discernible at the time of U.S. IBM's recent law sult against Japanese computer makers over the alleged theft of proprietary information related to its mainframe machine software. This processing which is curently available; and by planning bow obliged to pay millions of dollars per month for the use of U.S. software vital to the operation of its IBM-compatible as inference and problem solving, and the fifth generation computer research, initially is going about trying to achieve these aims by evaluating and restructuring the considerable hody of research findings in the field of knowledge information processing which is curently available; and by planning bow of U.S. software vital to the operation of its IBM-compatible

system. This involves a move first international conference on away from the specialised but no one else has thought of the subject in 1981. It also Turing theory of computing, it . . . and it drastically instituted a research venture, first published in 1936, which the Institute for New Generables bas underplaned a great deal of goal." conventional computer design, and towards a beavy reliance on a more "natural" system of logic which lies closer to the historical mainstream of logical analysis, known as "predicate logic."
The argument for this decision

centres on recent trends in computer studies. In the field of programming much progress has been made in developing programming languages based on concepts aligned to predicate logic, Work on "expert" systems, "or knowledge-engineering" systems, bas also taken the form of representing knowledge as a set of rules which are subsequently processed; a procedure which, the Japanese maintain, is allied to predicate

on the contrary, increasa freedom in both hardware and

Software design.

Kazukiyo Kawanobe, the
Assistant Director of ICOT,
commented: "We'd like the fifth generation project to show Japan in a good light—to prove Japan's creative excellence," and concerning the decision to adopt a framework of logic programming, he said that "we are very confident at this point that the approach is right."

This year marks the end of the first of three three-year pro-ject phases. Mr Kawanobe suggested this first phase has made the greatest demands in tarms of creativity as new ideas are needed, for example, to "realise parallel processing on predicate logic" where prior research has centred chiefly on numeric calculation.

ICOT researchers have been divided into small units workdivided into small units work-ing independently on individual technologies, and Mr Kawanobe says; "We don't worry about the relationship between these groups at this atage." In tha intermediate stage these results will be integrated to provide the framework for inference and

knowledge base sub-systems.

But still the traditional Japanese sense of "improvement" orientated creativity is clear. Kawanobe commented that "creativity to us means a jump...rarely in technology does an idea spring out from nowhere—it usually comes as an improvement or diversion. This challenge for Japan to live up to its high expectations has never been plainer than in the case of the so-called fifthgeneration computer project, in certain the methodology to be adopted in planning this future which Japan chose to take an adopted in planning this future and the operation of the so-called fifth certain the methodology to be adopted in planning this future and offen it's a very tiny idea. and often it's a very tiny idea

> Some moves have been made to get away from traditionally rigid research structures. Secionity is stressed less, researchers are encouraged to "bave their own consciousness of the problems they bave to solve," and a broad visiting pro-grame exists "to bave re-searchers meet as many other experts as possible both in Japan and abroad."

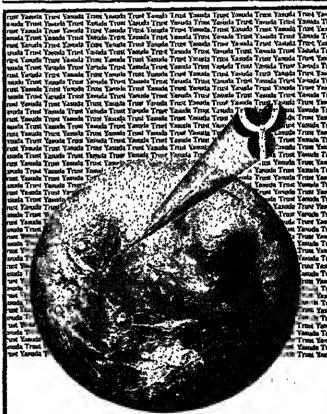
This freedom of activity is such that some research directors in the companies and national research laboratories from which researchers have been loaned to ICOT express worries about their ability to return successfully to their original, less liberal, environ-

addition to information accessed from outside. Second comes a strong emphasis on predicate mediate stage, but ICOT canwhich a facility exists for the systematic storage and retrieval simplistic, but the "fifth generation" directors believe it will, between the different ministries in the most promising specification of these two hardware elements provides mediate stage, but ICOT canmot recruit people from universities, the most promising specific too success in the ICOT prosystematic storage and retrieval simplistic, but the "fifth generation" directors believe it will, between the different ministries in the different ministries argue that the intertwo hardware elements provides some of the clearest evidence some of the clearest evidence source, because of barriers ject, and a spokesman said the office of the clearest evidence source, because of barriers and on the contrary increase of barriers and distinct in the different ministries in the different ministries argue that the intertwo hardware elements provides some of the clearest evidence some of the clearest evidence some of the clearest evidence source, because of barriers and a spokesman said the different ministries in the different ministries in the different ministries in the different ministries argue that the intertwo hardware elements provides some of the clearest evidence some of the clea two hardware elements provides some of the clearest evidence yet of success in the ICOT project, and a spokesman said the RDBM "will allow for a dramatically improved speed of involved. data retrieval within research

companies work."
ICOT researchers have completed the basic specifications for the RDBM software, and proving increasingly reluctant proving increasingly reluctant to lose their best brains, even temporarily, despite the fact that they stand to gain much by the success of the ICOT bave also started work on building an operating system for the PSI, using extended prolog (ESP) language, tha first complete version of which is expected to be completed by the end of Santambar Fiscal restraints

Funding is also a major problem because of the tight fiscal restraints imposed on all ministerial budgets and the \$5.12bn allocation for 1964 resulted in a 17 per cent shortfall from the original first phase budget targat. This sum is said to be sufficient to fulfil the project's basic objectives, but the funding cut was large enough to force a simplication of the functions to be handled by the pilot model of the "personal sequential inference machine (PSI)," which was delivered by Mitsubishi Electric last December.

The PSI was supplemented by another key hardware element, the relational data base machine (RDBM), in May this year. This was mannfactured jointly by Toshiba, Hitachl and Oki Ejectric. The



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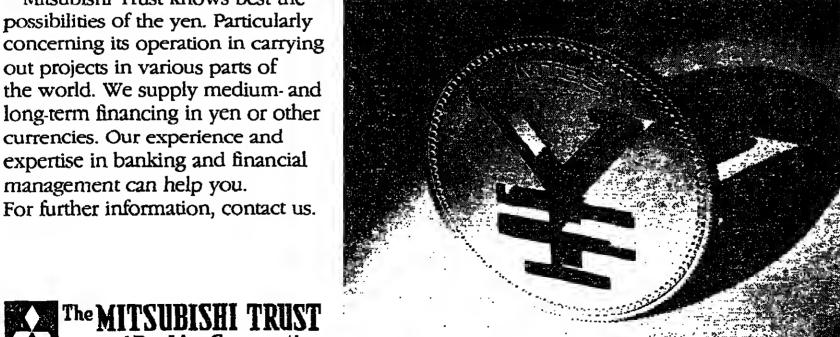
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PROFILE: TOSHIBA'S R & D PROGRAMME

\$100m centre emphasises strong research aims

WHEN Dr Kiyoshi Nagai, direc-tor of Toshiba Corporation's re-search and development centre. search and development centre, in Kawasaki City, was asked whether his researchers are able to gain access to sufficient funds to cover their ambitious future research tasks, he pointed out in response that about two years ago he had saked the management to construct a specialised \$100m research centre which could concentrate exclusively on VLSI (very large scale integration) technology. Just such a research centre opened in January this year. opened in January this year.

Toshiba is typical of many major Japanese companies, especially those in the olectronics field, in its claims to be placing a new emphasis on the encouragement of a strong R&D base, both by the injection of greater levels of funding and by a revised corporate structure.

The company's renewed com-mitment to research is reflected in some of the technological accomplishments it has recently announced. In the VISI field these include a new device-isolation technology and a highspeed reactive ion etching

Yet although the company maintains that it is following a wider trend in Japan, of a switch to a more "basic" researchorientated R&D programme and despite the fact that it is one of the most technologically advanced members of the semi-conductor manufacturer league, Toshiba's R & D activities still principally reflect the classic Japanese concern with an "application" orientation to its research work.

Influence

And although definite moves bave been made to create a freer research environment at the R&D centre, such as with the splitting away of special products laboratories from the central building, the reduction in the influence of application considerations is still very

Almost half of the centre's funding continues to come from the company's operating divi-sions, albeit that research carried out for these divisions is principally longterm in nature. The "major appliance products" and "audio/video

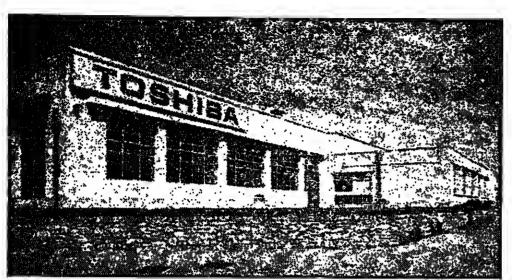
the recent major commitments in the semiconductor field pri-marily reflect a strong concern

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Toshiba's UK factory at Plymouth. England, whose worldwide exports bring back some of the return on the company's research expenditure

the Kawasaki R and D centre itself received approximately one per cent of the sales total. one per cent of the sales total. Sources of funding break down into 47.5 per cent from the beadquarters, 47.5 per cent from the operating divisions, and 5 per cent from external contracts—notably from the Ministry of International Trado and Industry (MITI).

Research projects are insti-gated in Toshiba oither by a request from one of the seven operating divisions or by a proposal from an individual researcher in the central laboraresearcher in the central laporatories. These initial requests
are handled by an ad-hoc planning task force, and later
weighed against the established
mid- and long-range R & D
strategic plans before an actual
operation plan is worked out. These proposals are subject to revision by a policy review

Mr Nagai says that a total of 10 major proposals are made by his scientists each year, along with 20 to 30 smaller proposals, and at any one time a total of between 100 and 150 projects are in progress. To handle these tasks, 1,500 researchers work at the Kawa-and control while saki centre, while specialist staff in all of Toshiba's 10 laboratories total 3,000.

Mr Nagal is the first to admit

products " ongineering laboratories were integrated in the Kawasaki building until as recently as 1982.

It could also be argued that research. He particularly to the company's control of the company's efforts to increase the creative element in its research. He particularly the company's the control of the company's control of the co regrets the fact that owing to the nature of the Japanese in the semiconductor field primarily reflect a strong concern education system new company with market trends and associated product demand, at this how to solve a problem, but time of unprecendented business growth in the semiconductor arena.

In fiscal 1983, 6.1 per cent of Toshiba's Y2,026bn (\$8.5hn) work is organised in such a way that young researchers unconsolidated total sales were spent on research, a slight exploratory skill which, be decline from the 6.25 per cent ratio the year before, while

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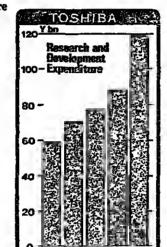
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This lengthy training process does not give competitors in does not give competitors in Western research labs an automatic head-start advantage. Mr Nagal maintains, since "senior researchers make up the gap". He also emphasises the importance of the high quality of the recruits which Toshiba can attract from among the small super-elite of graduates of the prestige universities, drawn by a high-tech corporate image and promises of unique research opporof unique research oppor-

tunities. A key element in the training process is the formation of young researcher groups," which consist of four or five members from different sec-tions, overseen by a senior planning group member. Six or seven such groups are formed each year, meeting once a week in their free time, for a period of three to four hours. According to Mr Nagai, these groups frequently end up meeting at least twice a week, and bave proved a good source of new

The other main encouragement comes in the shape of "under the table" research. company policy that allows all researchers to devote up to 10 per cent of their working bours to any research activities of their own choice. No statistics are available however on what percentage of this "free" time is actually used as such by the

Working under Mr Nagai (who specialises in electronic devices) are three deputy directors responsible for " materials," beavy duty apparatus" and computer peripherals" projects respectively, and another specialist manages the VLSI centre's work.

The basic planning group bas 10 members, while 20 people handle research administration. Apart from practical considera-Apart from practical considera-tions, these administrators attempt to take into account such factors as the tendency for researchers to reach two "peaks" in their working lives, one between age 30 to 35 and another between 50-55, reflect-ing firstly the achievement of maturation after a change of

Energy

Toshiba currently has 10 specific areas of R & D, the top three among which are VLSI and microelectronics, communications and information technorespectively. Other include energy conversion and transmission, new functional electron devices, fundamental materials and mechatronics. In the future, blotechnology is among technologies expected to

grow in importance. Mr Nagai maintains that the popular image of Japan as deficient in creative ability is mistaken in the first place, and argues that Japan can point to many recent accomplishments, notably in the area of optoelectronics, to demonstrate to the contrary. He also cites antenna technology as being a good example of Japanese innovation. But it is in the field of semi-

conductors that Toshiba has made the clearest advances, and reveals the most ambitlous research objectives. The new VLSI centre bas "the highest grade super-clean rooms in the world," and be says that future work will include experiments

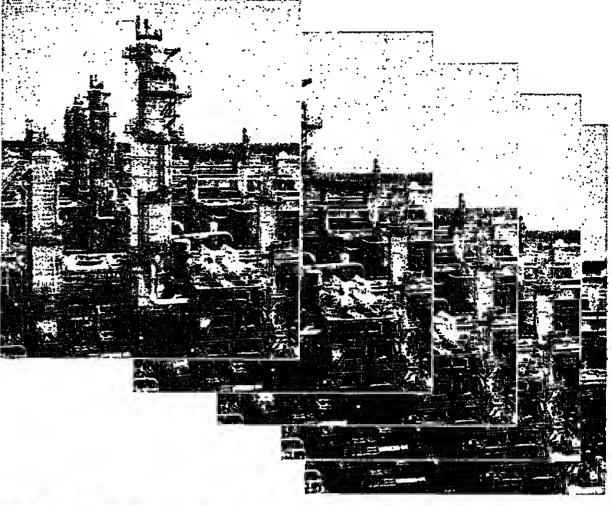
work will include experiments in X-ray beam and electron lithography, going beyond the work with light lithography already in progress, and experiments in molecular electronics are also under way.

The company is now working on VLS with integration in the 4 to 16 megabit range, and Nagai says that "by the end of the century we expect to achieve a 100 megabit device."

Already scientists are developing 0.25 micron technology which it is expected will be sufficient for devices in the 64 which it is expected will be sufficient for devices in the 64 megabit range. Beyond this level of integration. Toshiba expects it will need to move away from the use of the currently pivotal CMOS (complimentary metal oxide semiconductor) technology, and the problem of finding future alternatives to this is now being addressed, together with efforts addressed, together with efforts to develop substitute materials, such as gallium arsenide, to replace today's silicon sub-

Further evidence of Toshiba's concern with high-tech prowess comes in the shape of its new 40-storey, \$178m, Tokyo bead-quarters building. The structure is a showcase of state-of-the-art office automation technology, and accommodates all 7000 of and accommodates all 7,000 of the company's employees, whose work is closely linked by about 1,000 terminals connected to a entral computer. Computer functions do everything from monitoring production levels and sales to closing the curtains. Toshiba, like many big elec-tronics makers, has made many of the investments needed for continued progress in bign technology development. Per-haps in five years or more it will be possible to judge if this has been sufficient to break the "creativity barrier."

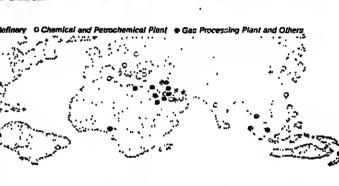
Roy Garner



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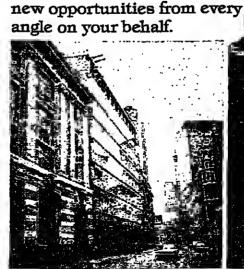
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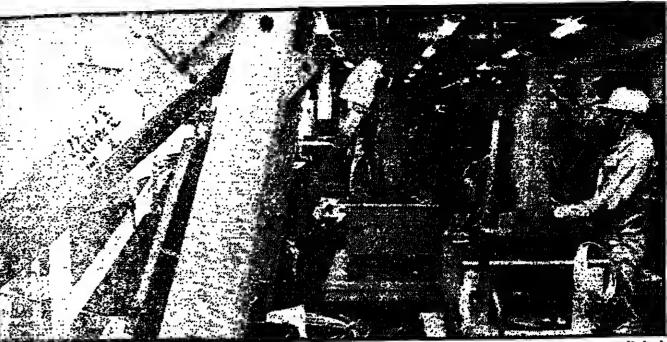
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JAPAN 14



Building industrial robots. Foreign criticisms of Japan's sluggish patent processing procedures are linked to an awareness that high technology is playing an ever more important part in business

Japan's complex and sluggish processing procedures are a cause of friction with the U.S. and Europe

Concern at proposals on software law rights

Patent Laws

ROY GARNER

AS COMPETITION between Japan and other advanced industrial nations for excellence in high technology grows ever more dynamic, the likelihood is strong that the matter of the protection, and definition, of individual technologies will become an increasingly contro-

Already there bave been repeated stirrings of disquiet over Japan's recent proposals concerning suftware rights legislation, which some foreign commentators have charged would, in effect, allow Japan unfitted to accurate configuration. unfairly to acquire software property through adjustments to the legal protection period. There bave also been charges

There bave also been charges that some companies are bypassing deficiencies in their own terhnological base by applying for patent rights on loventions claimed elsewhere simply by means of cleverly re-defining the concepts involved; a process which is alded by an increasingly sopbisticated and rapid monitoring of foreign and monitoring of foreign and papers, and by other forms of technology "intelligence." Such activities have the potential to do wonders in closing any technology gap."

Adamant

Further strife seems almost inevitable in the light of the urgent need for standardising and atreamlining patent applica-tion procedures as practised hy different nationa, and the actual situation where particular couotries, notably within Europe, are adamantly clinging to their customary local forms of operation.

In Japan, a big stumbling block to improvement lies in the inadequate levels of staffing at copyright processing offices, and this situation appears likely only to worsen as the number of applications grows, while tight government finances preclude the hiring of more personnel. A vital element in attempts to improve a deterior-ating situation is the planned computerisation of the volum-inous and growing body of data which concerns the applications for, and awarding industrial patents.

Even if this programme were to proceed oo schedule, how-ever, a comprehensive computerised system is at least 10 years off and, according to Japaoese sources, current planning is set to give rise to a situation whereby interface of this computerised information will be possible between Japan and the U.S., and hetween the U.S. and Europe, but not directly between Japan and Europe.

This situation is emerging This situation is emerging Convention for the Protection because, the Japanese claim, it is too difficult for them to must submit comprehensive handle data directly from Europe, owing to the fact that much of the patent data will

As a result it is likely that Europeans will bave to depend on U.S. routed data processing for the acquisition of informa-tion ahout Japanese patent processing activities.

While long-term issues such as this are just emerging, argu-ments over the allegedly dis-criminatory or "protective" nature of Japan's patent laws and procedures are already in full swing. At the heart of these difficul-

ties is the current saturation of patent processing facilities. Applications for protection rights in Japan are subdivided into four categories; "utility model " (low-grade technology), "patents" (covering more sophisticated equipment), "de-" patents "

sign " aod " trademark."

for a stricter patent applications process where, on the contrary, the unified haodling procedure in the U.S. produces a lower common denominator in patent

evaluation. The U.S. claims the Japanese distinction hetween the two achieves nothing but unnecessary duplication and a slowing down of processing. However, only 45 per cent of domestic and 55 of foreign, national patent applications are successional patent applications are successional. ful in Japan, a lower figure than in the U.S.

In 1983 Japan received 460,000 patent and utility model applications, and this figure rises to 668,000 when designs and trademarks are included. For this task just 1,800 examiners were available. These

examiners were available. These examiners are the same for all categories of application and there are no plans to increase this current level of personnel. In the U.S., where the total number of applications is considerably lower, there are now 3.000 examiners plus another 200 specialists exclusively bandling trademarks and this staff total is to be boosted by at staff total is to be boosted by at least 800 in the near future. Official estimates of the

average time it takes to acquire a patent in different countries are difficult to compare because the procedures vary so greatly.

The Japanese claim this period is currently about two years and seven months, against years and seven months, against just under two years for the U.S. Japan plans to achieve a two-year average in the fore-seeable future, while the U.S. is anticlpating a one year eight months period. Foreign businesses regularly insist that the process in Japan often takes as long as air years. long as aix years.

Foreign criticisms of Japan'a sluggish patent processing pro-cedures are linked to an aware-ness that high technology is playing an ever larger role in business and that in conse-queoce the speed at which patents can be acquired is becoming ever more crucial to success. A slower system in Japan, it is often charged, produces an unfair advantage hy allowing local businesses more

of foreign leadership.

An expansion world-wide of both legitimate intelligence gathering operation and of industrial esplonage exacerhates these fears, and is further reason why specifier and more reason wby speedier and more efficient pateoting procedures are heing demanded of all nations,

The U.S. has been the most vocal in its complaints over the situation in Japan, and has pressed the Japaneae governmeot oo a oumber of issues, For example, there is a ruling that where a person has declared a priority claim under the Paris details of this within three mooths of a corresponding Japanese patent application. not be presented exclusively in This three-month period, for English, but will include data in other languages, notably German and French.

Short for a foreign company to obtain the necessary documents from overseas patent offices, and the resulting loss of priority claim rights can be Also, in the case of a challenge

to a granted patent, which uses as evidence a description of the invention in a foreign publication which pre-dates the awarding of the patent, Japanese patent law stipulates that such an invalidation trial cannot be pursued more than five years after the time of the registration of the Japanese patent. Critics argue that where such incontrovertible proof is available there should be no time limit set on challenges, especially where public notice of the registration might not be gn" aod " trademark." obtainable abroad for a con-The Japanese claim that their siderable part of the five-year

distinction between "utility period, owing partly to the fact models" and "patents" allows that auch notices are only pubfor a stricter patent applications lished in Japanese.

MITTa intention to treat software as "industrial property"
would violate the spirit and the lished in Japanese.

Another complaint concerns

the Japanese Patent Office's practice of discouraging the filing of a single application to cover related inventions which, it is claimed, is a factor behind the huge processing backlog. Such delays also reduce the chances for a really important "breakthrough invention" to revive and stimulate an area of husiness.

Response

The Japanese, however, refute the notion that language or procedures discriminate in any way against foreign applications, and argue in response that the U.S. is more discriminatory with some of its own patent law provisions, such as that which stipu-lates that the date of an invention cannot be certified by citing evidence in a foreign country.

recently ruled that from August this year the Patent Office can

involves complex problems of property definitions, and which is throwing many of the trickiest aspects of the international patent agreements into

abarp relief. legislation. The U.S. position is that overseas.

letter of international copy-right law embodied in the uni-versal copyright and Berne conventions. The industrial property concept is described as contrary to an international concensus that software is a "literary or scientific work of authorship," and unacceptable in that it would not require

in that it would not require observance of copyright norms. The MITI proposal for compulsory software licensing would, according to the U.S. Commerce Department, "In practice substantially disadvantage both U.S. and Japanese software anthors and consequently binder, rather than promote, the continued development of the Japanese software industry." ware industry."

Reflecting how seriously the LS, takes the matter, it stresses that if software is excluded from "copyright" protection in Japan it would have to consider The Japaneae also claim to be making major efforts to provide more English language translations of their procedural documents. Concerning the computerisation of processing, the Japanese also point out that the Ministry of International Trade and Industry (MITI) has recently ruled that from August

recently ruled that from August this year the Patent Office can raise its application fees to provide the necessary funds for the computer programme.

Undouhtedly the hottest issue in the field at present is the controversy over the protection of software, a debate which involves complex problems of software, where it is deemed. of software where it is deemed fit) and of its proposed 15-year protection period, which is far shorter than the 50-year cover normally given under existing legislation in Japan, and

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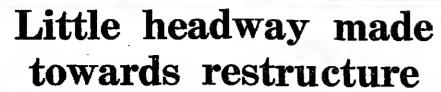
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Education— Reforms BARBARA CASASSUS

JAPAN'S education system can be viewed either as the spring-board of its spectacular econo-mic and industrial success, or an Achilles heel-or a comhination of the two.

This is one conundrum now facing Prime Minister Yasuhiro Nakasone, who mada educa-tional reform a central theme in his campaigns for the Par-liamentary election last December and again in his battle to win a second term as ruling Liberal Democratic Party (LDP) President in November.

(LDP) President in November,
The issues prompting calls
for reform have virtually become clichés. School violence,
pupil and student suicide,
rigorous selection and eclipse of
the individual under the weight
of rote memorisation and conformits and the students. formity with standards that mercilessly dictate achievement or failure as a member of society, all have become recognised hallmarks of the system.

But their significance goes beyond the frontiers of the academic and scholastic world, highlighting Japan's difficulty in reconciling its role as a "Wes-tern" economic power, (as is often its own self-description) with anxiety over the demise of

Former education minister. Nitsuo Setoyama, who lost his post in Mr Nakasone's cabinet formed after the December election, unleashed a storm of criticism last year when be blamed present problems in education on the system imposed on Japan by the post-war U.S. Occupation forces. Although conserva-tives have always felt the this hypothesis, presented in such an uncharacteristically direct manner, appeared absurd more than 30 years after the

Criticism

Mr Setoyama's argument. But, comings. Others believe Mr far from attacking the funda- Nakasone's determination is

derive mainly from a sense discomfort, as with an illfitting garment and from regret that the original aims have been

Growing pressure on the young to enter the "best" institution, in order to secure the "hest" jobs in the administra-tion and top industrial concerns, is frequently blamed on the boom years of the 1960s and the private sector's desire to feed its success with more of the same. This apperite has undoubtedly been satisfied: a highly disciplined, highly literate and numerate work-

force has been a major factor in hringing Japan to the fore-front of high technology today. Equally certain is that personal development has suffered, at least in Western terms. But if the importance of individual growth per se to the Japanese is debatable so is the possibility of accommodating it within the context of the traditions that appear firmly rooted in their

Ailments

While holding the Occupation responsible for a number of the ailments in the education system, some experts concede that the excesses of uniformity stem also from Japan's group-oriented culture, now epitomised by its vast middle class, which was not a target, but to which an overwhelming majority of the people believes

Nonetheless, fostering individual growth through offering greater diversity in the curriculum, to take account of varia-tions in ability and aptitude, is recurring topic each time Mr Nakasona and others publicly advocate reform. This has become a highly charged political saga which is only how really starting to unfold. How it will proceed depends on whether Mr Nakasone wins re-election as LDP President, but if he does, the stage will be set for many old and new ammosities to receive a thorough airing.

Now the controversy has sub-vote-catching ploy in response tensive debate over the sided, however, some liberal to mounting public concern over measures to be implemented.

The report of a seven-many seven-man

was President of Takushoku University, which is well-known for its right-wing leanings, and recall hard-hitting speeches on the aims of education he made so long ago that most people have forgotten them.

Fuelling their worries is the

proposed ad hoc commission on reform, for which enabling legislation should be dehated in the Diet (Parliament) within the next few weeks. Critics con-demn the fact that the commission would report to the Prime Minister's office and that it would comprise an unwieldy 25 members, who, they say, would probably he chosen more out of political than any other consideration.

Furthermore, they point out that the Central Education Council, an advisory body to the education minister, is quite capable of formulating proposais for any modifications required and has done so in the past, even though not all its recommendations have been

A compromise now apears to be approaching, whereby the choice of commission members and their deliberations would he subject to approval by the Diet, instead of by the Prime Minister alone. But since the LDP coalition holds a Parliamentary majority and the reform plan has the support of two moderate opposition parties, the question of accountability seems to have little relevance, except for form.

Another problem is cash. radical restructuring of the system would be costly and would presuppose the govern-ment first brings its massive budget deficit under control.

Education and science received a nominal increase of only 1 per cent in expenditure alloca-tions for the 1984 financial year (April 1, 1984—March 31, 1985), less than the rate of inflation, and is unlikely to do much better next year. How-ever, no major decisions would be taken in the immediate future. The new commission would have three years to pro-Some cynics believe talk of duce its proposals, which no educational change is merely a doubt would be followed by ex-

The report of a seven-man private advisory committee to the Prime Minister, issued far from attacking the limits absolute, but fear his initiative earner was year, a mental premises of equal opport absolute, but fear his initiative earner was year, a mental premise of equal opport absolute, but fear his initiative earner was year, a mental form the starting point for the teacher and pupil autonomy, government's grip on the alcommission's work. Headed by teacher and pupil autonomy, government's grip on the alcommission's work. Headed by



This section looks at some of the everyday influences in Japanese life and at how the young are affected by this highly-competitive

chairman, Masaru Ibuka, the committee recommended leaving intact the hasic 6-8-3-4 adadomic structure (six years of primary school, three years each of lower and upper secondary and four years of university) The report, criticised by some for its lack of substance, sug-gested greater flexibility within the system, more diversity in the curriculum and less reliance on examinations for selection.

Stumbling block

Proposed legislation for the commission was a major stumbling block in the LDP's hid to gain an extension of the present Diet session. From the beginning, the socialist and communist parties, as well as the militant left-wing Japan Teachers Union (Nikkyoso), opposed the concept of the new panel, although they are in favour of change. According to some sources, the Nikkyoso will be invited to sit on the commission, but it is divided over the response it would give, At an extraordinary conference in April. a resolution stating it would refuse to participate if asked was rejected, which has undermined the union's staunch anti-establishment stance and has thrown it into some con

Few observers or educators are prepared even to speculate about the outcome of the reform effort. Meanwhile, many of the problems are being left un-attended and are increasing rather than going away of their own accord.

Examination ritual under fire

Education— **Swot shops** BARBARA CASASSUS

SOME OF the issues and prob-lems in education have wide implications for society at large as well as the education system

Some believe that a lack of discipline at home and civil responsibilitity of children could produce anti-social attitudes in international relations and ultimately lead to friction of the type now generally associated

This may overstate the case, but there are undoubtedly cracks appearing in the education and value systems. These are highlighted by the fact that school violence, while not nearly on a par with that in the West, is directed at the once highlyrespected teacher, in addition

to fellow pupils.

In other contradictions to traditional obedience and honour to duty, truancy at an early age and dropouts from upper secondary school have emerged as prominent features of the malaise. According to a recent Education Ministry cent report, truancy results mainly tion. from child neurosis, over-protective parents and the social mater in assuring a glittering indispensability of academic professional career was under-from a median score and com-

generally accords little place for leading companies listed on the self-respect through non-academic accomplishment in a graduated from Tokyo Univerles structured environment that the conventional educational

institutions. Surveya show that a substantial proportion of Japanese people view school facilities positively, while some sources point of extremely poor attendance at the 4.000 odd children's throughout Japan for pre-school to 10 years age groups as illus- into higher education. But trating the low priority given rather than meeting its objecin extra-curricular activities.
The much-publicised "ex

amination hell" that is the the arduous process.

symptom of the problems may Boarding the education
be bard to dismantle, as it escalator — once children are
seems to be an integral part on the right track, they stay making childhood a period to be endured rather than enjoyed is often laid at big business their first acquaintance with and emphasis on economic juku, the notorious crams needs rather than education for schools that have become a itself and a child's develop-

The phenomenon can be ex-

plained by the fact that recruitment criteria are greatly simplified by absorbing graduates own success in life by their offfrom the institutions with the spring's academic career,

plained by the fact that recruitmothers, who often judge their
system.

Books are not censored in
the pure sense, but without

most prestige, whether univer-sity or upper secondary school, spend most of their working that a company's standing per-hours at study until the univer-

that a company's standing permits.

Moreover, competition for university places which was tough before the 1939-45 war, nn longer affects only a small minority of the population. For example, enrolments at the private Nibon University now amount to some 70,000, which is more than the total number of students in Japan in the presudents in Japan in the presudents, who have the face not Today, about 93 per cent of

Today, about 93 per cent of only their own defeat, but the papils go on to upper aecondary lack of return they appear to school level after compulsory give for all the time, effort and schooling ends at the age of 15 money invested in them.

HIGHER EDUCATION

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рап	10	
S	32	
Germany	6	
ance	10	
eden	9	
C	9	

Source: World Bank

and of them, more than 35 per

achievement.

Indeed, values, rather than facilities, seem to be the crucial factor in this society, which sity, the number one national institution, and 244 from Kyoto University, also a highly in isolated cases, esteemed state-run seat of The anomaly is learning.

A standardised first stage examination for all central and local government universities was introduced in 1979, in an community centres attempt to alleviate some of the pressures surrounding entry into higher education. But tive, it seems merely to have added yet one more hurdle to

of modern Japan. The blame for there — is now sometimes pur-making childhood a period to sued even from the pre-school level. At that point, some make

Under the careful and ing tothe Educatoin Ministry's harsh International spotlight.

The tension is added to by cent continue into higher educa-tion. another hurdle from the private sector: the hensachi aptitude from a median score and com-monly known as the "deviation vaine," is used by teachers to nrient their pupils toward the institutions to which they have prospects of gaining admission. pupils have been encouraged to frequency, even once a month

> The anomaly is that although the hensachi has never heen officially adopted as an assessment method, its use has not been banned. Instead, in contrast with the usually strict controls on education, the Ministry has limited its interfor teachers to rely less on the scores. Perhaps as a result of this urging, or of public dis-quiet, some teachers are said recently to have beeded the

> It is difficult to see how the existing controls could accommodate greater flexibility in the system and variety in content to make room for true personal development. School study courses are estandard throughout Japan, as are textbook selection lists, compiled accord-

the pure sense, but without official approval, they cannot be used in schools. Nothing pre-vents private publishers from bringing out the rejected texts anyway, except that they are not likely to sell particularly

This authorisation system has long been the focus of inter-mittent wrangling and in 1982 it strained diplomatic relations in Asia over Japan's alleged distortion of its war and colonial record in new history books.

The issue was resolved internationally when Japan pledged to correct certain facts in future editions of the disputed texts, but nothing appears in have changed in the authorisation system itself.

On the contrary, the protest of enraged scholars that their objectivity has been destroyed periodically find their way into the local Press and since the furore with neighbouring nations ended, proposals have

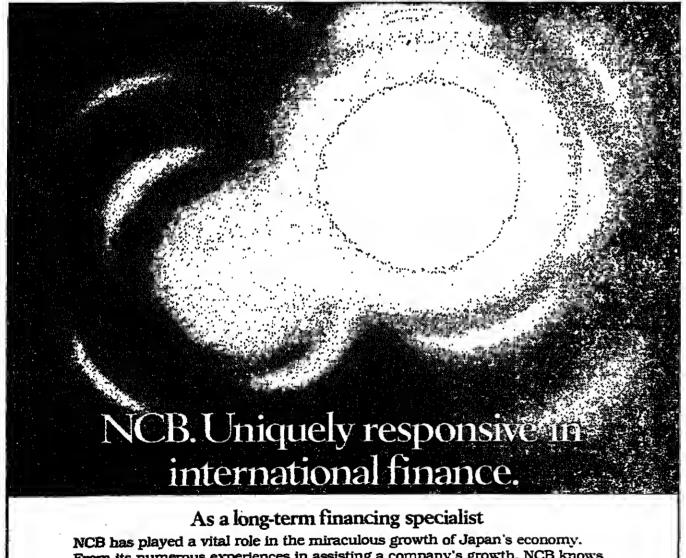
been made to toughen the approval and selection procedure still further. Of all thesubjects in the curriculum, moral education or ethics typifies the political struggle which is embedded in

Japan's education system. The pre-war course of study, based on Confucian values and the two main principles of filial piety and complete loyalty to the Emperor; was abolished after the war and reinstated in a different form in 1955.

Taught thronghout primary and lower secondary school, It emphasises social responsibility and gives only passing mention to patriotism. But now, with the breakdown of discipline among young people, some con-servatives, including Mr Naka-sone, consider that love of the homeland is not given adequate treatment and are seeking to reinforce the content.

As one step in this direction, the Education Ministry announced last month that it will prepare supplementary moral education textbooks for selected regions of Japan relating the lives of local heroes, culture and history.

National pride has its place in all countries, but could scarcely be of greater sensitivity than in Japan. The it will have to be handled with some delicacy if education is notonce again to come under a



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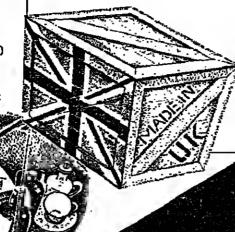
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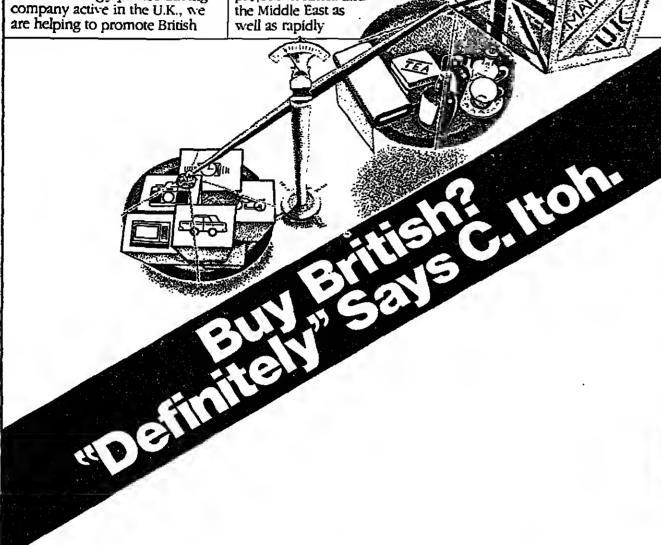
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Potent symbol of status and occupation

Fashion

TERRY TRUCCO

ANYONE WHO ever looks at fashion magazines or visits department stores might conclude that the Japanese are the most adventurnus dressers in the world. Japan, after all, is largely responsible for those out-size, futuristic-looking clothes in crisp penguin colours, draped here, tied there and dreamed up by such designers as Mitsuhiro Matsuda, Yahji Yamamoto and Roi Kawakubo.

The thought of a nation 115m strong, garbed in some variant of Takyo Style is downright daunting, as if Issey Muyake were producing the Japanese equivalent of Mao suits.

The reality is quite different,

of course, as anyone knows who has visited Tokyo, particularly those places where businessmen congregate. Women are turned out in prim httle silk dresses with sturdy shoes and what appear to be government issue Louis Vuitton handbags.

Men fare even worse; white shirts, red ties and navy blue box-cut business suits, standard mufti known in these parts as dobunizumi iro, the sewer rat look. Wire-rim eyeglasses are

And what of those flamboyant Japanese who outfit themselves with such wit and aplomb? They are around, usually clustered together in the slicker parts of town. But these are strange, fleeting creatures and they live by a code.

Halcyon years

In Japan it is accepted—even expected—that young men and women will dress as dramatically, outrageously and expensively as they like for a few halcyon years between high school and whenever their adult responsibilities hegin. responsibilities hegin.

The party, which begins for most at the age of 18, ends for men when they are initiated into a corporation, for women when they marry — watershed events that rarely occur much past the age of 25. After that, even the most confirmed for will likely heed the call to "responsible" clothing, abandoning the rest with remarkably

little resentment or regret.

Indeed, it is the fashion designers, faced with a vast but narrow market, who seem most put out by all this — small wonder they began to export. The average Japanese knows and plays by the rules. ore than in almo

industrialised nation, cluthing in Japan is a potent symbol of a person's station and occu-pation, determined by a subtle code immediately discernible to other Japanese. Japan is an orderly society, and clothes huttress that order, a constant reminder that all's well with the nation.

The importance placed on membership in groups — all sorts of groups, from company affiliations to the family — is a key reason for Japan's willing a key reason for Japan's willing acceptance of a dress code. The national regard for the collective over the individual is no myth: the person who is accepted by their co-workers, classmates, and fellow members of the parem-teachers' association is bound to feel more secure than the individual who goes their own way, one reason why some of the nation's more creative people feel most comfortable living abroad.

This notion of group member ship and group security is reason why company uniforms are so popular. Like workers in Victorian England, the Japanese sport uniforms of their profession, such clothes are viewed as a source of pride and identity, not something awful that stifles personal free-

Unity

Workers repeatedly say they like their uniforms, both for the feeling of unity with their fellow employees and the more pragmatic benefits of never needing to decide what to put on in the morning When Sony considered phas-

ing out its company jackets a few years ago employees were up in arms and a new uniform was quickly commissoined. Today, everyone in the company, from President Akio Morita down, dons a trun taupecoloured jacket whenever they are on the company premises. Indeed, people in professions that dress as they choose in most nations have uniforms in Japan, from bank tellers to taxicab drivers. Business-suited staff never leave home without

their company lapel plus.

The business of company uniforms has grown so hig that Japan's top fashion designers regularly turn out company clothes, well-railored if conservative uniforms that, the companies hope, will enhance

the corporate profile.

There is another offshoot when asked about job preferences, young women consistently choose Japan Air Lines. The reason? They all adore JAL's sleek navy hlue stewardess uniforms designed by Hanae Mori.

Clothes are also an indica-

Japan Air Lines stewardesses wearing the eleck uniforms designed by Hanne Mori

tion of personal pride. The Japanese don't like to dress down; whatever counter cul-ture the country boasts does not strut about in old T-shirts and boley jeans.
I was astonished when I first

visited Tokyo's Ginza district, the popular business and shopping area. The cluthes may not have been terrifically stylish, but virtually everything worn by the Japanese was brand new from the fur stoles of middle-aged matrons to the pink Snoopy sweatsbirts on girls. The only old clothes were nn tourists.

Ginza is no Japanese anomaly. It is the same wherever you go throughout Japan—as if clothes magically self-destruct after the fourth washing.

This infatuation with new clothes is deeply rooted in contemporary society. In a nation with cramped housing and no particular tradition of stylish furnishings, clothing has long been the favoured way to mop up disposable cash. Always concerned with "face," no self-respecting Japanese would con-sider wearing anything old, soiled or unfit for his age or

Run - of - the - mill Japanese cluthing is first-rate. Clothes

natural fabrics and come com-plete with linings, fabric swatches and extra buttons. It is what Japanese customers have come to expect and, being sharp businessmen, what the nation's garmentmakers know they are obliged to offer.

History

But perhaps the biggest influence nn the way the Japanese dress has been history. Until the country was re-opened to Western culture in the mid 19th century, the Japanese all wore kimono, the neat wrap-around whose basic style has remained unchanged for over 300 years.

Early attempts to modernise -and Western dress was viewed as a symbol of the West's formidable modernity—often re-sulted in some amusing juxta-positions: kimono-clad men sporting top hats, women in Western dress with traditional Japanese hair-styles. Yet it wasn't until after the 1939-45 World War that Western dress became the nation's dominant mode. Even today, older Japanese look most comfortable in kimono.

This may help to explain the inate conservatism—and dull-ness—of the average adult's

clothes. A navy blue suit may not be exciting, but the wearer can hreathe easy, knowing that he has got it right. He also knows he blends into the crowd, a comforting thought in a country where few people want to draw attention to themselves. But the relative newwest of to draw attention to themselves. But the relative newness of Western dress is also responsible for the delicious experimentation of the nation's affluent youth, and audaciousness less noticeable in most Western nations. The stylish young who frequent Tokyo's irendy Harajuku and Shibuya districts have a keen eye for mixing and matching, devising unlikely outlits that can prove charming—and stunning. All in that dominant colour, black.

What Japan's top designers .

What Japan's top designers have also done with great skill is blend the best of East and West in clothes that look like nothing ever seen. Dominant influences include the kimono, bappi coat (the little jackets worn over the kimono) and even Edo-period workmen's panta-loons, but these ore artfully melded with typical lines of

the West.
Indeed, at their most terrific -and even at their most ter-rible—the clothes seen on the streets of Japan remain consumately Japanese.

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XVII

Even soap operas taste different

Television JUREK MARTIN

THE JAPANESE have an immense national fondness for the predictable. People often go to traditional theatre, for example, not to see a whole play, admittedly a bit long, but merely to sample again their favourita

Perhaps no institution in Japan satisfies this basic need as thoroughly as television. For all the official observation of the creed that television's purpose is as much to enlighten, inform and educate as it is to entertain, few national TV systems in countries of comparable sophistication are as relentlessly predictable and, in consequence, as invariably un-inspired as Japan's.

Avid watchers

Yet there is simply no evidence, outside occasional intellectual circles, that the staple TV fare is unacceptable to the public at large. Far from it, most surveya suggest that the Japanese are the most avid TV watchers in the world; one recently found that the average family spends eight hours and 15 minutes a day watching TV. comfortably more than even in the U.S.

Tha TV system conveniently divides itself into two parts; occupying the notional bigh ground is NHK, the public broadcasting network somewhat analogous to the BBC. It runs both a general and education channel and is financed mainly

around the country, all annated to one of the five Tokyo commercial channels. Cable TV is still in its infancy, but is seen as a possible major growth area in the years ahead. Nevertheless all TV stations possess a relatively high level of technological expertises in production

tive; it must be conceded that many outside observers especi-ally from America bave commented favourably on the quality of Jepanese TV. A personal suspicion, bowever, ia that they beve seen little of it, for more constent exposure leads to the inescapable conclusion that television bere, educational programming pos-sibly excepted, bas barely begun to explore the possibilities of the medium.

Most evening schedules run the standard gamut of variety and talk shows, crime dramas (ancient samurai and modern detective), all fairly heavily spiced with sexual titiliation and fairly crude violence. Even the suspense inherent in base-ball is removed, because evening telecasts end precisely et 8.54 pm, regardless of the state of the game.

When NHK and, less frequently, the commercial stations turn their hand to news and current affairs, they tend to do current affairs, they tend to do
so with a pedantry that only a
country which reserves its
highest social honorific, that of
"sensei" (teacher), could comfortably accept. Though one
fairly recent NHK documentary
"Silk Road" was visually
superb, the vast majority show
little imagination in presentalittle imagination in presentation or content.

NHK's coverage of December's general election, for example, was at least a generation behind Western standards; for all their considerable resources, most programmes on events in other countries seem to be taken out of the early Alan Whicker book, that is featuring Japanese commentators musing on the strange ways of the gaikokujin (foreigners).

by user fees,
The other part consists of roughly 100 stations dotted around the country, all affiliated to one of the five Tokyo commercial channels. Cable TV is still in its infancy, but is seen as a possible major growth area as a possible major growth area in the light 1t



Kin-ichi Hagimoto, versatile comedian who has a huge following in Japan through his top-rated shows, some of which run simultaneously. Here he hosts a show in which movie and TV stars and their families are asked

minutes a day aoap opera chronicing the life, from the turn of the century to modern times, of a single Japanese woman wbo emerged woman who emerged triumphant from countless vicissitudes. "Osbin" became instantly a national symbol, to whom politicians were eternally referring for inspiration. But she was, above all, a traditional character.

Controversial

More controversiel, especially to foreigners resident in Japan but also to some Japanese, has been another recent NHK drama series, "Sanga Moyn."
This is the tale of two Japanese brothers, one of wbom stays in his adopted country, the U.S., as a possible major growth area in the years ahead. Nevertheless all TV stations possess a throws on general, contempolical expertise in production methods.

Any critique of programma content is necessarily subjective.

All TV stations possess a throws on general, contemportrayed, who returns to fight throws on general contemportrayed, who returns to fight the other, more favourebly dispersion is fascinatingly, or portrayed, who returns to fight throws on general contemportrayed, who returns to fight the other, more favourebly days is fascinatingly, or portrayed, who returns to fight the other, more favourebly apan is fascinatingly, or could not stomach the programme to some U.S. NHK bad actually sold the programme to some U.S. NHK's "Oshin," the one-year channels but, as arguments about its content and treatment Japanese value so much.

escalated, subsequently with-drew the sale. Admittedly, some of the criticisms were generated from inside Japan. The country's third largest newspaper, the Malnichi, assigned one of its best journalists, Yoshihisa Kamori, who knows the U.S. well, to produce a stream of articles disconting the stream of articles dissecting the programme's inaccuracles and misinterpretations.

But controversy, unless it re-flects the fact that in Japan, as elsewhere, the medium has become bigger than the message, is not really what Japanese television is about. It is the Japanese of the dally bowl of

The cutinary comparison with Texas chill demonstrates this; Japan is fascinatingly, one of the very few countries which could not stomach the twists and turns of "Dallas," simply because it possessed none of the moral certitudes the

Creativity rules unhindered

Advertising

JOHN BURTON

AARDVARKS parade out of a television screen with bottles of whisky on silver platters. Circus freaks cavort on a deaert landscape tinged red with the setting sun. A collection of Victorian dolls swoon as they wetch a doll-like version of the British new wave group Duran Duran perform in a child'a

These surrealistic images are not scenes from a film made by some avant garde director. They are commerciala, Japanese style.

Japan is one of the few coun-Japan is one of the few countries where that often-beard observation "The commercials are better than the programmes" may ectually be true.

While Japanese television is dominated by programmes that feature clicked plots or cloyingly cute teenage singers, the accompanying advertisements at their best are lyrical, stimu-lating and challenging.

Many Western ad directors would consider Japan a para-dise. Creativity is nnhindered by the need to make claims that the product being advertised washes shirts whiter or has better fuel efficiency. In most cases, little or no reference is made to the product or the corporate sponsor until the last two or three seconds. two or three seconds. Com-mercials in Japan have become 15-second exercises in fantasy and abstract images, not infor-

Advertising creative directors themselves have become minor cultural stars. While British ad director Ridley Scott bad to make such films es "The Duelists" and "Alien" before becoming known to the public, ordinary commercials for such products as insect spray have mede e celebrity of Toru Kawa-

Western art directors and copywriters may barbour guilt feelings about working in a profession that is not very well regarded among their peers, but their Japanese counterparts enjoy the same social status eccorded their more traditionally artistic colleagues. Japan makes little distinction between "pure" art and commercial art; art for art's sake is not a concept readily accepted by the pragmatic Japanese.



emotional association with the product

as the country's painters and composers. As a result, commerclels transmit some of the latest artistic fashions to a conservative public that otherwise would not be exposed to the way things are said, while

them.
Indeed, the Japanese have come to regard commercials as a minor art form. About half a dozen general circulation magazines, together with books

magazines, together with books and television shows, devote themselves to the creative aspects of advertising.

Advertising enjoys such prestige that the country's top agencies, which once had trouble attracting top talent, are now inundated with applications from graduating students. tions from graduating students of the nation's best universi-

Enthusiastic

This enthusiastic acceptance of advertising is not unusual for a society that is extremely entrepreneurial. But there is irony in the fact that while the Japanese ca nbe very practical-minded when it comes to business, edvertising should concentrate so beavily on the soft rather than the bard sell.

The origin of this apparent contradiction lies in cultural values. The idea that the Japanese prefer form over subpragmatic Japanese, stance has some validity when it comes to advertising as it cated quality of Japanese does in other aspects of advertising is that its creators Japanese life.

Watches in a Tokyo shop window. The prime goal of Japanese advertising is to create a pleasurable

The wey a gift is wrapped, for instance, may bave more impact on the recipient as the actual gift itself. The same goes for advertising. "The Japanese emphasise

the way things are said, while Westerners stress what is being said," notes George Fields, a Japan-based market researcher. "The Japanese feel that If you don't go to the trouble of presenting your ideas properly, how can they be any good?" In advertising terms, that means the quality of the product is judged by the quality of the commercial. of the commercial.

Persuasive reasoning plays little part. The Japanese rely as much on emotion and intuition as they do on logic in forming judgments. Resorting to glib argument is actually distrusted. The prime goal of Japanese advertising is to Japenese advertising is to create a pleasurable emotional association with the product, a task easier to achieve through

images and music.

The fect that Jepanese commercials normally run 15 seconds in length, compared with 30 to 60 seconds common in the West, reinforces the tendency to concentrata on image rather than substance. Because there are a large number of commercials bidding for attention in a brief span of time, agencies always strive to create ones that will be remembered and talked about.

introduced as one eye-cetching ploy. Humorous situations have now become popular as a premise for commercials. One manufacturer of ballpoint pens recently went so far as to use e crude parody of Christ on the cross to gain attention.

The nature of the Japanese consumer market bas also elped ensure that "mood" edvertising thrives. Japan bas taken on the attributes of a fully mature consumer market, on a par with the United States and Western Europe, only in the last 15 years or so.

Lifestyle sells

Television advertising evolved relevision advertising evolved et the time when any product put on the shelf was likely to be snapped up by an eager Japanese nation wanting to spend its newly-acquired wealth. Advertising retains the mental attitude of that earlier period when establishing brand aware-ness through imagery was its ness through imagery was its major raison d'etre.

Engaging in comparative fectual advertising is probably meaningless anyway. The fierce competition pervading the consumer market guarantees a uniform high product atendard

—lifestyle, not product specifi-cations, is what sells. This is not to say that bard sell edvertising doesn't exist. With Jepan's economic alowdown since the first oil shock in 1973, consumers bave become mindful about bow they

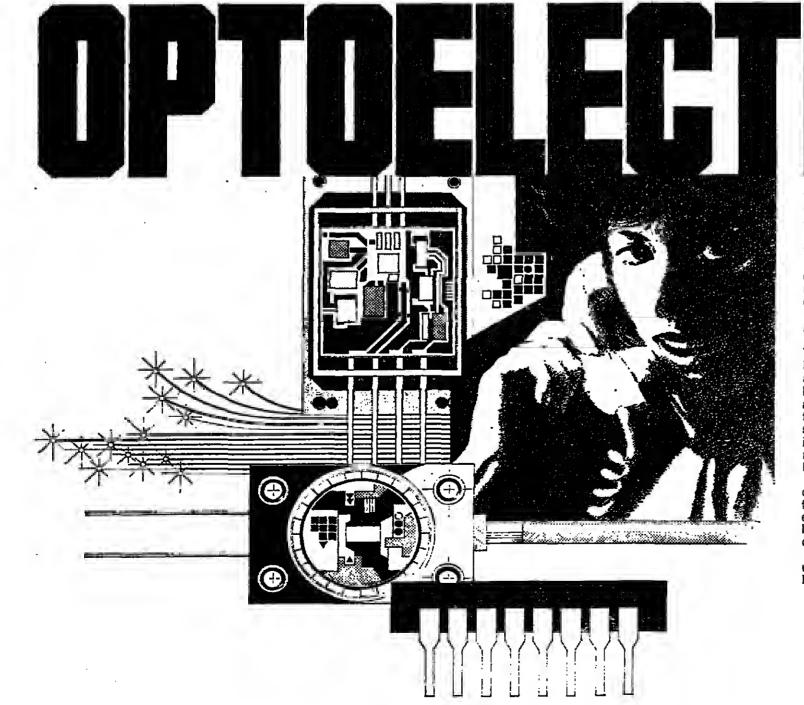
spend their money.

Hard-sell advertising is making its greatest inreeds in daytime television, where the vast majority of viewers are women, the country's most important consumers since they usually control the family purse strings. Advertising "is becoming a question of why you should buy a product," comments one Tokyo creative

director. Nevertheless, while Japaneae advertising may get top marks for creativity, it has not pro-duced an informed consumer constitueory. Many top Japanese merketing executives privately reveal an arrogant attitude that the consumer can be easily manipulated.

That assumpton has some validity. Japan, for example, does not have nearly as large a consumer movement as exists In Western countries. As long as consumers respond to mood advertising with its messages of snbo appeal and trendiness, the situation is ont likely to The use of foreign models change,

lave



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Nature of Political system

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National Tourist Agency

Japan National Tourist Organisation, 10-1 Yurakucho, 2-chome. Chiyoda - ku, Tokyo (tel: 216-1901).

Infermation Centres

6-6, Yurakuchn 1-chome, Tokyo (tel: 502-1461), Kyoto Tower Bldg., Higashi-Sbio-kojicho, Shimogyo-ku, Kyoto Takanawa Prince, 3-13-1 Takanawa, Minato-ku (Tel: 447-1111; Telex: 2423 232). Takanawa Tobu, 7-6 Takanawa 4-chome, Minato-ku (Tel: 447-(tel: 371-5649). National airline: JAL.

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Other airlines serving: Aeroflot, Air France, Air India, Air
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Holiday Inn. 104-1-13, Hatch-bori, Chu-ku (tel: 533-6161; telex: 2523 748). Imperial, 1-1-1 Uchisaiwal-cbo, Chiyoda-ku (tel: 504-1111; telex: 2322 367). Inter-Continental Keio Plaza.

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1111; telex: 24719).

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chome, Minato-ku (tel: 582-0111; telex: 22790).

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cho, 2-chome, Chiyoda-ku (Tel: 581-4511; Telex 24290).

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New Japan, 2-13-8 Nagata-choi, Chiyoda-ku (tel: 581-5511; telex: 22499). Shihata Rent-a-Car: Nippon Shibata-cho, Kita-ku (Tel: 373-New Otani, P.O. Box 102, 4 2652). Kioi-cho, Chiyoda-ku (tel: 265-Toyota Rent-a-Car: 3-74, Kawaraya-cho, Nimami-ku (Tel:

Pacific Meridien, 3-13-3 Takanawa, Minato-ku (tel: 445-6711; telex: 22861).

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Shiba Park, 1-5-10 Shiba,
Minato-ku (tel: 433-4141; telex:
2422 917).
Shinjuku Prince, 30-2 Kabukitolls payable on certain roads.

Bus: frequent coach services along expressways; network is extensive—foreign travellers are generally advised against local services in view of language difficulties, complexity and number of routes and avail-ability of alternative forms of

Subway / metro/underground: n Tokyo, Osaka, Nagoya, Yokohama, Sapporo; Romanis signs in use; tickets generally show preceding and subsequent station as well as destination; it is often suggested that foreign travellers take a minimum-fare ticket and go to

the Fare Adjustment Window Mitsubishi Rent-a-Car: 1-11-8, at their destination (with sufficient coinage to pay any

Nearest station to: World Trade Center Building Daimon (Toei Asakusa line). Ministry of International Trade and Industry—Kasum-

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Special nnte: two ends of tunnel between Honshu and Hokkaido llnked 27 Jan. 1983 -longest undersea tunnel km under sea; begun 1964; drilling was of 11-metre-diameter main tunnel with 5-metre-diameter service tunnel; originally bullet train link planned but ordinary rail link now fore-

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phones 1980 (including rural wire - broadcast telephones, approximately 1.8m-providing limited services), over 99 per cent automatic service (excluding wire broadcast); nver

850,000 public telephones; 12.4m business lines. International calls cannot be dialled from public phones; yellow public phones take larger-value coins; 24 hr/day services available at Tokyo Central Post Office (near main station) except Sundays, holidays. Telephone, telex, telegraph services available at good botels.

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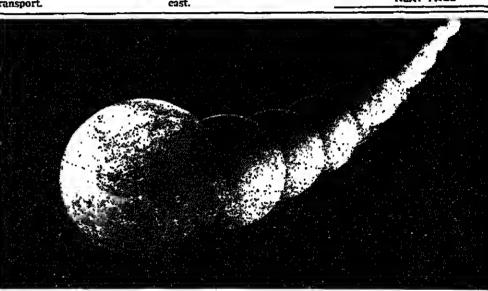
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New school questions old values

Teenagers JEANNE BINSTOCK

1964 WAS THE year that sym-

1964 WAS THE year that symbolised full recovery in Japan and the arrival of prosperity. Japan hosted the summer Olympics, opening the country to an expected flood of tourists and foreign business.

Families who could not afford a television set in time for the televised marriage of their Crown Prince in 1960 to the girl he met on the tennis court, bought one in anticipation of the Olympics. The Olympics drew the attention of the world to Japan's unparalleled economic development, high expectations and national pride. tions and national pride.
The children born from 1965

to 1972, now teenagers between the ages of 12 and 19, are Japan's first fully-industrialised, fully urbanised and affluent generation, collectively experiencing the "good life" and massive exposure to new values and lifestyles, targely through Polis and surveys during the

last year, and current studies in progress, indicate that pre-sent teenagers are picking up on western expectations and desires faster than their parents realise, and certainly faster than they can be realised in actua-lity. The big question is not whether the system will open up and diversify to meet these emands, but how far, and in

what manner.

Japan has remained in many respects what it always was, a highly competitive society, with strong emphasis on conformity, social standing, respectability and reputation. Although the material culture has changed drastically, the arrival of prosperity, mass higher education American style, and a higher education American style, and a higher education American style, and a higher education American style.

agers suffered through defeat, humiliation, occupation and reconstruction as children, and as adults, put Japan on its feet and created its wealth. Deriving the benefits of their collective reception of the world and not only a head taller than their parents because of improved parents because of improved and their spreaments because of improved and their parents.

A study in progress indicates and part of their new Western who were raised in affluence, in cities, on television.

The teenagers see a world full of cars, television, motor-cycles, stereos and other goodies," and a world foll of can buy all those "goodies" out to goodies," and a world foll of can buy all those "goodies" out to goodies, and a world foll of can buy all those goodies out the spread of the control of the steel of the created by television and foreign music stars, both classical and rock. These complete privacy. Probability to and "do their own thing" to and "do their own thing" whether it be listening to music, reading comic books or both, in complete privacy. Probability of them at an astonishing speed.

This is creating an incredible from their families if they want to and "do their own thing" whether it be listening to music, reading comic books or both, in complete privacy. Probability of them at an astonishing speed.

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This is creating an incredible from their families if they want to and "do their own thing" whether it be listening to music, the complete privacy. Probability of them at an astonishing to and "to their own thing" whether it be listening to music.

The feature privacy. Probability of them at an astonishing of them at an astonishing of them at an



Putting on the style: scooter rider gathers with friends in a Tokyo park on a Sunday afternoon.

dependence from their parents. It was made easier because half

of their mothers had already joined the labour force for the usual assortment of reasons,

including money for juku even-ing cram schools (which help

children prepare for entrance examinations).

More than 60 per cent of the

more or less determine status. But, of course, it is also the place where they can get away from their families if they want

experiences to "try out." Even there and gain discretionary inexperiences to "iry out." Even those who are "making it" have trouble understanding the rationale of all work and no play, and many think that one small step up the ladder in social standing is simply not worth the trouble when there are other possible tradeoffs.

are other possible trade-offs.
Surveys and studies reveal
Japanese teenagers being reshaped by modernisation and
its attendant benefits und evils. drastically, the arrival of prosperity, mass higher education American-style, and a hitech economy has ocurred so quickly that it has intensified many social stresses.

The parents of these teenagers suffered through defeat, and a broadened international perspective created by tele-

to the degree that it confers benefits, not because they believe in it as the natural order

believe in it as the natural order of things.

Well off and indulged, they find it difficult to defend regimentation. They know individuality is value in the west and have a much greater tolerance for variations than their parents. Many model themselves, at least partially and often unconsciously, after the stars they admire.

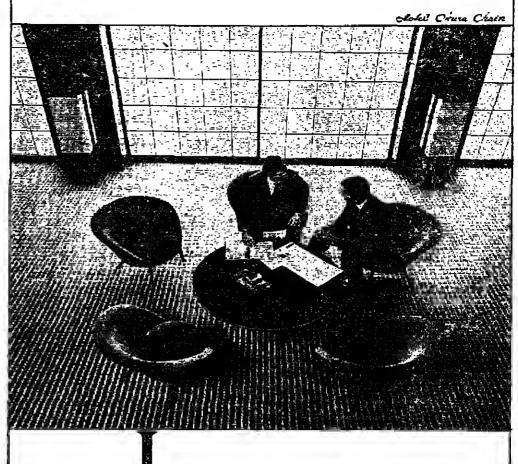
stars they admire.
They are, more or less, internationalists, not nearly as fear-ful or suspicious of the outside world. They are happy and proud that Japan is now part of the Western club—indeed, one of its pillars—and they want to share all the benefits such mem-bership confers.

share all the benefits such mem-bership confers.

In addition, teenage girls, who have almost as high a part-time job rate as boys, have increas-ing expectations of financial in-dependence and the develop-ment of their talents more fully in the area of work, even after marriage and children. Equality in school and in seconding in school and in spending money is creating expectations for equality in work as they move to the next stage in the life cycle.

Surveys indicate that Japanese teenagers are growing up faster, making decisions at an earlier age, and are getting cynical, all of which seem to be the ear-marks of a "generation gap" similar to the one which hit the western advanced economies western advanced economies about 20 or more years ago.
Wanting and expecting more stimulation, more freedom, more variety, more opportunities to tailor their lives, they appear to be rapidly catching up with the west in these

espects as well as economically. Those doing business in Japan should ponder the fact that television and popular music, entirely new forms of communiyoungsters in Tokyo have their television and popular music, own room. Their parents want them to study harder and more effectively for the critical relatively little, are creating school entrance exams which social change and new expectations much faster than the older forms ever did. It gives a "big world " picture to young people and is making internationalists



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Business traveller's guide

CONTINUED FROM FACING PAGE

most shops/stores closed on one day/week). ELECTRICETY - 100 volts general in Eastern regions (eg Tokyo); it is 50 cycles while in

the west (eg Kyoto, Osaka) it is 60 cycles.

RADIO — very numerous services (including Government and commercial networks); some estimates put number of radios in 1979 over 65m. TELEVISION: also very

TELEVISION: also very numerous networks; certain Tokyo hotels have closed-circuit English language television.

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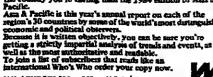
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New cultural influences have been grafted on to the more traditional Japanese art forms

A high level and breadth of skills

Because of Japan's demo-graphic layout of cities separated by mountains, many provincial theatre and dance

groups work in isolation.

Audiences' tastes in the arts

is generally conservative and, in the case of Western films,

for example, has often not developed beyond what was

popular when that genre was first introduced into Japan. As

a society which operates mainly by personal contact people also

take a loog time to accept the

● The sociological concepts of "the group" and "insiders/out-siders" may operate against the

talented Japanese individual who goes it alone, ie, alone he

capital, many provincial artists feel alienated. Among their

reasons are Tokyo's newness; until 1868 Osaka was the country's artistic capital.

Theatre: Both traditional and

contemporary theatre are active and well-attended. So, too, are

and well-artended, So. too, are foreign plays, 230 (mainly Western) performed in Japanese last year. The uneven acting standard of Western plays is gradually being remedled thanks to the trend of inviting

well-known directors to work

Large audiences

The Arts

MARIE MYERSCOUGH

THE CONSTANT stream of people and events nowadays has made Tokyo an international centre of the arts, enabling it to stand almost as an equal next to London and New York. How-

to London and New York. However, in touching the lives of the highest percentage of ordinary people, Japan must hold first place.

The vitality of the arts is largely attributable to the cultured nature of the Japanese people. With a literacy rate of \$9.9 per cent, they take naturally to them. Most cummunities even in large cities have annual festivals which call on a wide range of artistic skills. on a wide range of artistic skills.

The people of rural areas still perform centuries-old rituals perform centuries-old rituals often more powerful than any staged play. There seem to be to heaulify everyday objects, few Japanese wbo cannot sing, play a musical instrument or do a simple brush painting. Many belong to amateur dramatic societies.

art traditionally has been used to heaulify everyday objects, providing endless artefacts on which to employ creative eoergy. Further, Japanese lower classes, more upward-striving than their Western counterman their Western counterman always been a simple brush painting. Many belong to amateur dramatic societies. However, Japan's eclecticism

is such that each new cultural influence has been grafted on to the old, rather than replacing it. This has given the culture both continuity and breadth and made it the richest in the world with perbaps more developed art forms available than any-

Japan'a educational system plays a large role in inculcating people into the arts. Despite their formality and examination pressures, most schools have active arts clubs.

Twice-yearly schools' festivals include performances which as far back as the 1920s featured European plays. Exhibitiongoing is also initiated at school, The Japanese are great attenders at classes, especially in both traditional and Western arts, Many of these are set up by local department stores which in addition to their commercialism act as culture centres (most have an exhibi-tion hall or museum, class-rooms, even theatres). A society without Western-style, classdivision prejudices permits commerce and culture to work

together and opens the arts to The artistic basis of Japanese



A Noh play. Both traditional and contemporary theatre are well attended

parts, have always been receptive to the culture of the better off.

The interaction of the arts is also relevant. Unlike the West, plays are a mixture of song and music; painting combines with literature; music describes a picture. Borrowing from one art form to the other is accepted practice. So too the "collage" approach where ideas are combined in ways undared and undreamt of in Europe, The absence of Western ogic is liberating.

Low subsidy

Since the arts are left to fend for themselves, most of the funding is oo a do-it-yourself basis. In line with its minimal social spending, Japan gives far less to the arts in subsidy than any modern nation. Recent figures show France

as the most generously sub-sidised with \$1bn, Germany \$641m, the UK \$185m, and New York City \$74m, against Japan's

Nooetheless, the government does support prominent artists.

society is another factor. Both in its pure and broadest sense of their skills, is conferred on art traditionally has been used outstanding artists, craftsmen, outstanding artists, craftsmen, actors, musicians in the tradi-

Japan's typical self-help spirit, the energy and initiative of those involved, plus support from private industry.

Indeed, business and the arts form a natural partnership. Most of the private museums belong to companies in commodities as diversified as oil, electronics, tyres, and drinks. Travel agents may market their hol ays in theatre foyers, while in many local festivals the activity around the stalls lining the streets appears to constitute the festival more than the port-able shrine-bearers squeezing

their way through Looking at the state of the arts in Japan, the following general points are relevant: • In most categories Japanese and foreign (mainly Western but also Asian) arts co-exist; · While Tokyo is the country's artistic and political capital, provincial cities anxious to keep up are cancassing for an increasing share in events, evidenced for instance, by the boom in oew museums over the last decade;

• The technical excellence of Japanese musicians, actors, etc is achieved by the native pen-chant for perfectionism, coupled with the absence of An honorary title translating coupled with awkwardly as 'Living National union restriction Treasure' plus a stipend of hours working. union restrictions against afterDance: Both as integral to

traditional theatre and in its Japan's stimulating environ-own right, classical dance is imment will soon improve creativportant. Dance schools and performances are usually a sell-out. Buto, the tortured and grotesque

Foreign dance: Classes in all to an art, with backing tapes, tenres are well-subscribed, regenres are well-subscribed, renecting the boom in foreign dance. Yet Western dance is the poor relation. Ballet stars Yoko Morishita and Gen Horiuchi are the exceptions in a still underdeveloped art. (Reasons lie in the Japanese physique poor teachers, choreographers, conservative aud-

In modern dance, most is too similar to its American original. Flamenco, on the other hand is popular and several Japanese performers bave loyal follow-ings. (This also explains the loog run of Gades's "Carmen" in Japan.

Film: Despite the reputation of Japanese films as classics and recent triumphs at Cannes, the film industry has been in decline for the last decade or more. It now consists largely of sex and violence plus some bland family fare, catering to audiences 75 per cent of whom are under 21. For genuine entertainment Japanese movie-goers must go foreign, and

American films comprise the largest category. Foreign film: Most "roadstays;
Though Tokyo is the artistic shows" come to Japan in the original language and sub-titled. The big dearth is in European films, most of which do oot appear. However, this is about to be remedied; the Seibu Department store group bas started showings in special art

> Three cinemas, regarded as highbrow and baving cachet, are in fashionable Tokyo areas. They are aimed at the over-25 audiences lo efforts to woo back to the cinema wives now at home who are unwilling to use baby sitters, and workaholic

with Japaoese companies.

Avant-garde, once the most exciting category, has now be-come predictable with little new over the last three years.

of prestige interoational com- tech hardware, software is of prestige interoational com-panies also inspire the Japanese. mainly foreign. Rock videos In line with Asian theatrical common in the U.S. and the UK traditioo, plays tend not to be intellectual nor about pertinent social issues. However, contact with foreigners coming to work in

ity—though not financing.

Music: Japanese and Western
music vie with exhibitions as avant-garde dance (dancers the most active performing art. nearly nude, hodies covered in There is no shortage of conwhite make-up) while well-certs of traditional music. Enka, known overseas, is still return the sentimental songs sung by garded as underground at home.

Market research

In spite of the inital American influence, pop and rock music bas been Japanised so that almost all groups look and sound alike—those who make it to the alike—those who make it to the top having their image determined by market research and the industry. There are Japanese versions of New Music, New Wave and Rock.

Western music: From its first introduction in the 19th century Meii period.

Melji period, Japanese people took classical western music to their hearts. Many Japanese musicians are now known internationally. Tokyo boast 11 symphony orchestras and most concerts are sell-outs.
A constant stream of well-

known musicians and conductors perform in Japan. In the contemporary music field Japanese hold their own internationally.

Most well-known pop groups tour Japan, supplemented by British punk and Reggae groups often unknown at home often unknown at home.

Opera: In contrast to Western classical music opera has never really caught on. The first performance in Japan was only in 1934 and today, three companies later, Tokyo still does not have an opera house, Yet there is a growing body of afficianadoes who got at any price (La Scala \$120, a local company \$65). Italian is preferred, enthusiastic "bravos" having been absorbed

vocabulary. Yasuko Hayashi is the only Japanese opera star of note. Reasons lle in both problems of jhysique and lack of proper training facilities. Nonetheless, hushands out with the boys.

Video: As an art form Japanese video is just starting to take off with little yet of note. While video shops abound and Japan year.



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to achieve.

Eyecatching

Most buildings are unplanned, ugly, a botchpotch of cheap concrete buildings jammed together, covered by neon signs, only occasionally relieved by some god architecture.

Here and there the new breed of architect who has studied abroad has created some eyecatching designs. These, how-ever, only add to the incon-gruity of the skyline, though impressive in their own right. The Japanese love of tradition does not extend to con-servation of old buildings, end-less examples of interesting

ress examples of interesting architecture having been destroyed in a construction boom going on for the past 30 years. Exhibitions: These are numerous with, usual, the private sector the most active. There are said to be 1,500 museums throughout Japan, while Tokyo's Ginza alone has 400 explications. 400 small premises advertising. themselves as galleries. Japan-ese contemporary prints seem conservative but techniques are usually highly developed. Foreign exhibitions: Besides

Architecture: The only aspect of domestic architecture which has not succumbed to Western influence is the Japanese garden, providing an oasis of pleasure in Tokyo and other cities which are otherwise such a visual mess.

Western art, the arts of China, Korea and other parts of Asia are well represented. However, in comparison with the Japanese exhibitions, they constitute a small percentage. In recent years Western art exhibitions have been increasing with much are otherwise such a visual mess. in comparison with the Japanese exhibitions, they constitute a small percentage. In recent years Western art exhibitions have been increasing with much competition for the prestige ones. Japan is a relative newcomer in the field of buying art. As a result many collections of Western art are unrepresentative and uneven.

The usual sponsors for art exhibitions are newspapers of which the leader is the Nibon Keizai Shimbun, Papan's main financial paper. Some excellent
Western art graces the corridors of the major trading
bouses, banks and internationally-known companies.

The Seibu Museum of Modern

Art is sbaking Japanese con-servative tastes by its frequent exhibitions of contemporary, and often controversial, artists. and often controversial, artists.

The arts, with no barriers against foreign "imports," offer many insights on Japan. For the business visitor there is no need to allow him or herself to be insulated by the well-meaning but tradition-bound ideas of his Japanese hosts, steered once more into the anonymous night spots and obligatory Kabuki. Much more is svatiable if he strikes out alone to sample the other arts.

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